



United States
Department of
Agriculture

Grain Inspection,
Packers and
Stockyards
Administration

1998 Annual Report of the Grain Inspection, Packers and Stockyards Administration

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December 1998

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The mention of firm names or trade products does not imply
that they are endorsed or recommended by the
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over other firms or similar products.

Organizational Structure and Functions



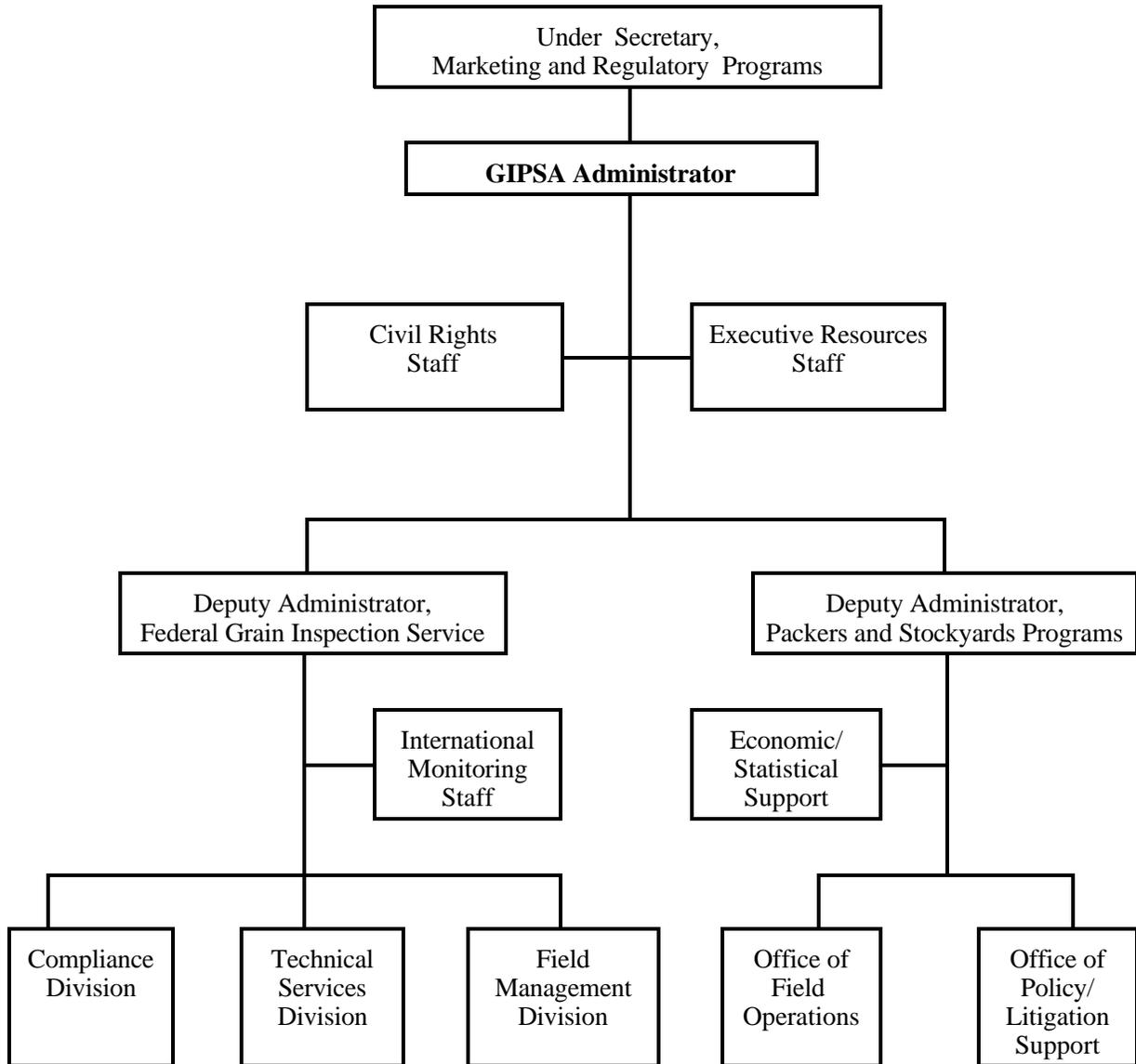
Organizational Structure and Functions

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established in October 1994 as part of the reorganization of the U.S. Department of Agriculture (USDA). The formation of this agency resulted from the joining of two previously independent agencies. Today, GIPSA is part of USDA's Marketing and Regulatory Programs, which are working to ensure a productive and competitive global marketplace for U.S. agricultural products.

One of GIPSA's programs, the Packers and Stockyards Programs (P&S), ensures open and competitive markets for livestock, meat, and poultry. P&S is a regulatory program whose roots are in providing financial protection, and ensuring fair and competitive markets. The other program, the Federal Grain Inspection Service (FGIS), provides the U.S. grain market with Federal quality standards and a uniform system for applying them. FGIS has both service and regulatory roles, and was founded to provide impartial, accurate quality and quantity measurements to create an environment that promotes fairness and efficiency.

The existence of GIPSA as an impartial, third-party entity helps ensure a fair and competitive marketing system for all involved in the merchandising of livestock, meat, and poultry, and grain and related products.

GIPSA's Organizational Structure



Packers and Stockyards Programs

GIPSA's Packers and Stockyards (P&S) Programs administers the Packers and Stockyards Act of 1921, as amended, and carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering central filing systems established by States for prenotification of security interests against farm products. The Program is responsible for the Truth-in-Lending Act, the Fair Credit Reporting Act, Agriculture Fair Practices Act, and the Freedom of Information Act as each relates to persons and firms subject to the P&S Act.

The principal purpose of GIPSA's P&S program is to ensure the integrity of livestock, meat, and poultry markets and the marketplace. This includes fostering fair and open competition, and guarding against deceptive and fraudulent practices affecting the movement and price of meat animals and their products. The Agency's work also aims to protect consumers and members of the livestock, meat, and poultry industries from unfair business practices which can unduly affect meat and poultry distribution and prices.

Under the Food Security Act of 1985, States may establish central filing systems to prenotify buyers, commission merchants, and selling agents of security interests against farm products. GIPSA has been delegated responsibility for administering this section of the statute which is commonly referred to as the "Clear Title" provisions. In fulfilling its responsibility, GIPSA has issued regulations governing prenotification and certifies those State systems that meet the criteria in the statute.

Activities under the P&S Act

The principal activities involved in administering the P&S Act include:

- Investigating competitive practices of livestock, meat, and poultry firms to guard against anticompetitive behavior such as price manipulation, price fixing, and territorial allocation.
- Examining structural changes in the livestock, meat, and poultry industries to assess potential competitive implications.
- Investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry.
- Investigating packer meat merchandising and chain store buying to maintain prices established by fair and competitive marketing practices.
- Investigating the financial conditions and payment practices of market agencies, dealers, and packers subject to the P&S Act to determine whether they are financially sound and capable of meeting their obligations.

- Maintaining the integrity of the statutory trust for cash sellers of livestock and poultry growers.
- Monitoring marketing practices at public markets and geographical market areas to foster and maintain fair and effective competition and avoid conflicts of interest.
- Obtaining adequate surety bonds from auction markets, commission firms, dealers, order buyers, and meat packers (purchasing more than \$500,000 worth of livestock annually) to ensure payment for livestock purchased.
- Investigating live poultry procurement practices to identify and correct those that are unfair, deceptive, or unjustly discriminatory to poultry growers and sellers.
- Check weighing at auction markets, terminal stockyards, packer/poultry processors, and dealer buying stations to maintain integrity in the weights of subject transactions.

The following table provides an overview of the livestock industry during fiscal year (FY) 1998 and GIPSA's involvement in it.

Fiscal Year 1998	
Investigations	1,684
Market Agencies/Dealers Registered	6,391
Stockyards Posted	1,298
Slaughtering and Processing Packers Subject to the P&S Act (estimated)	6,000
Distributors, Brokers, and Dealers Subject to the P&S Act (estimated)	6,800
Poultry Operations Subject to the P&S Act	210

The wholesale value of livestock, meat, and poultry products produced by firms subject to the P&S Act was approximately \$105 billion in FY 1998.

Corrective Actions

Voluntary. Most violations of the P&S Act found in investigations initiated by GIPSA are corrected voluntarily by the individuals or firms when the violation is brought to their attention. Except for the most serious cases, taking disciplinary action to correct a violation is the last resort after substantial effort has been made to obtain voluntary compliance.

During FY 1998, dealers and market agencies found to be insolvent voluntarily corrected or reduced their insolvencies by \$10.1 million. Upon finding shortages in the custodial account of market agencies that sell livestock on a commission basis, 138 market agencies voluntarily restored \$3.7 million to their custodial accounts. Livestock producers and poultry growers often ask GIPSA's help in settling disputes that arise in marketing their products. In such transactions, the Agency often acts as an intermediary by bringing the parties together to solve the disputes informally.

Disciplinary. Formal disciplinary action is necessary when GIPSA is unable to obtain voluntary compliance. During FY 1998, 36 administrative or justice complaints were issued in order to bring subject firms into compliance with the P&S Act. In addition, 29 decisions and orders were issued by USDA against 46 individuals and firms for violating the Act. The following is a list of violations of the P&S Act alleged in complaints issued and/or in decisions rendered in FY 1998:

- Restriction of competition in the purchase of livestock
- Misrepresenting the weight and price of livestock
- Accounting to and paying livestock sellers on the basis of false and inaccurate carcass weights
- Failure to pay for livestock
- Failure to pay promptly for livestock
- Shortage in custodial or trust account
- Obtaining a right of first refusal wherein the buyer only has to match a competitor's bid
- Insolvency - current liabilities exceeded current assets
- Operating without adequate bond
- False records

Clear Title

Nineteen States have central filing systems that have been certified by the Department of Agriculture as meeting the requirements of Section 1324 of the Food Security Act of 1985. Fifteen of those States received certification in 1986 and 1987. Minnesota was the most recent State to receive certification in 1993. A few states request that additional products be added to their list of approved farm products from time to time. States establish central filing systems to enable lenders to provide lien notices against farm products. During FY 1998, GIPSA published a Notice of Proposed Rulemaking to amend the Clear Title regulations to allow lien continuation notices to be filed without the signature of the debtor.

Toll-Free Number

GIPSA maintains a toll-free number (1-800-988-3447) to allow livestock producers and the public to report complaints and share concerns. The toll-free number is a voice mail system that allows callers to record complaints confidentially or leave a name, address, and other information so a GIPSA representative can contact them to discuss their concern or complaint.

P&S Structure

The headquarters office of the P&S program is located in Washington, D.C. Following the consolidation of the field activities into three regions in July 1998, field offices are now located in Atlanta, GA; Denver, CO; and Des Moines, IA. Resident agent positions are being established in 28 locations across the Nation to provide core services. These positions will be staffed in March-May 1999. Agents will work out of their homes or in one of three suboffices located in Fort Worth, TX; Lancaster, PA; or Sacramento, CA.

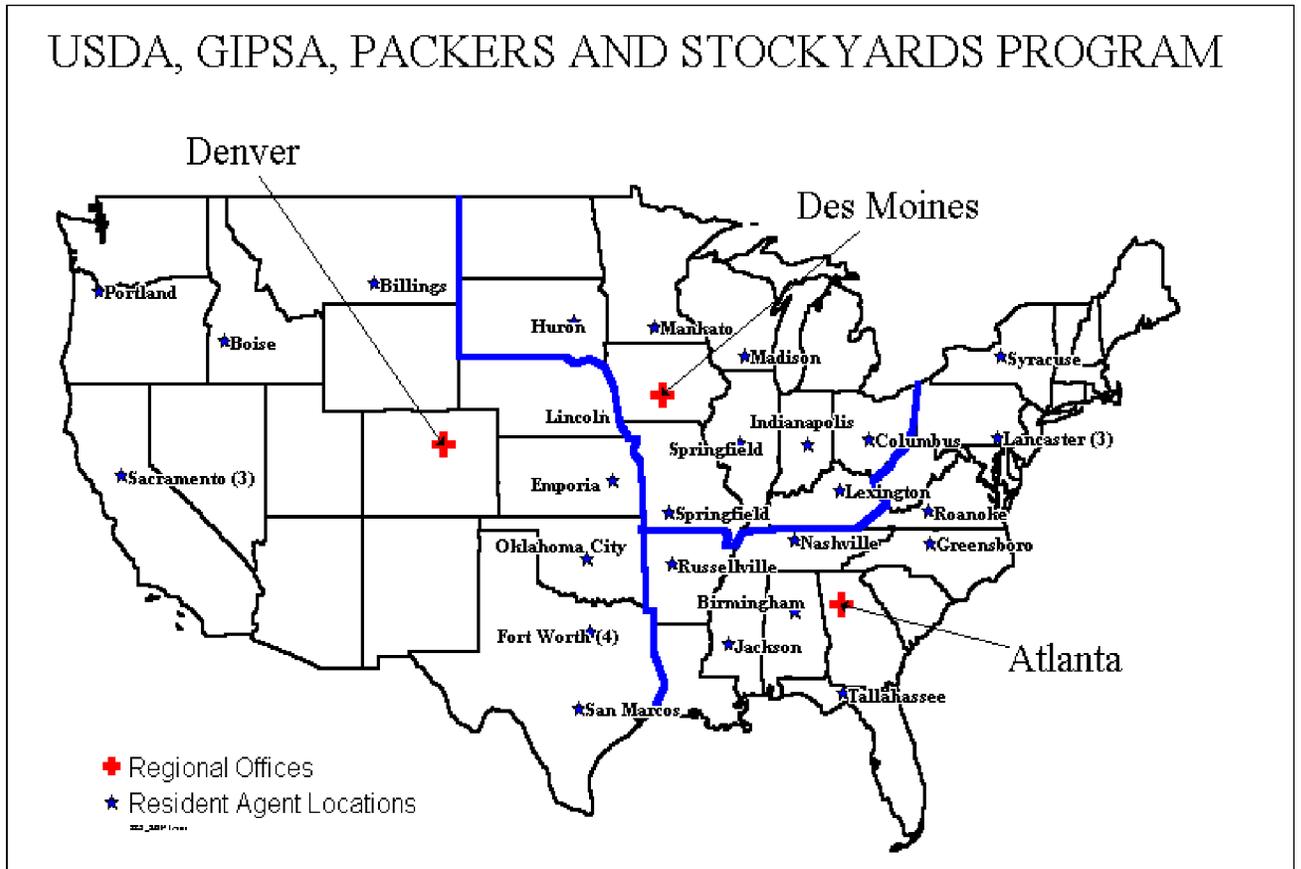
As of September 30, 1998, P&S had 166 full-time employees and 2 National Scholar students who work intermittent schedules in the Denver and Atlanta offices.

P&S Regional Offices

Addresses and phone numbers of the offices are as follows:

Atlanta Regional Office Suite 5R10 100 Alabama Street, SW Atlanta, GA 30303-5R10	Phone: 404-562-5840 FAX: 404-562-5848 E-mail: Amy_R.VanSkiver@usda.gov
Denver Regional Office 4701 Marion Street 307 Livestock Exchange Bldg. Denver, CO 80216	Phone: 303-294-7050 FAX: 303-294-7054 E-mail: Keith_M.Kienow@usda.gov
Des Moines Regional Office Federal Building 210 Walnut Des Moines, IA 50309	Phone: 515-323-2579 FAX: 515-323-2590 E-mail: Jay_A.Johnson@usda.gov

P&S Programs Field Structure



Federal Grain Inspection Service

A Federal grain inspection entity was instituted by Congress in 1976 to manage the national grain inspection system, which initially was established in 1916, and to institute a national grain weighing program. The goal of creating a single Federal grain inspection entity was to ensure development and maintenance of uniform U.S. standards, to develop inspection and weighing procedures for grain in domestic and export trade, and to facilitate grain marketing.

Activities under the U.S. Grain Standards Act

GIPSA administers uniform, national grain inspection and weighing programs established by the U.S. Grain Standards Act, as amended (hereinafter, the Act). Services under the Act are performed on a fee basis for both export and domestic grain shipments. The Act requires generally that export grain be inspected and weighed; prohibits deceptive practices and criminal acts with respect to the inspection and weighing of grain; and provides penalties for violations.

In administering and enforcing the Act, GIPSA:

- establishes and maintains official U.S. grain standards for barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain;
- promotes the uniform application of official U.S. grain standards by official inspection personnel;
- establishes methods and procedures, and approves equipment for the official inspection and weighing¹ of grain;

¹ Official Inspection. The determination by original inspection, reinspection, and appeal inspection and the certification by official personnel of the kind, class, quality, or condition of grain under standards provided for in the Act; or, the condition of vessels and other carriers or receptacles for the transportation of grain insofar as it may affect the quality of such grain under other criteria approved by the Secretary. (The term "officially inspected" shall be construed accordingly.)

Official Weighing. (Class X Weighing). The determination and certification by official personnel of the quantity of a lot of grain under standards provided for in the Act, based on the actual performance of weighing or the physical supervision thereof, including the physical inspection and testing for accuracy of the weights and scales, the physical inspection of the premises at which weighing is performed, and the monitoring of the discharge of grain into the elevator or conveyance. (The terms "official weight" and "officially weighed" shall be construed accordingly.)

- provides official inspection and weighing services at certain U.S. export port locations,² and official inspection of U.S. grain at certain export port locations in eastern Canada along the St. Lawrence Seaway;
- delegates qualified State agencies to inspect and weigh grain at certain U.S. export port locations;
- designates qualified State and private agencies to inspect and weigh grain at interior locations;
- licenses qualified State and private agency personnel to perform inspection and weighing services;
- provides Federal oversight of the official inspection and weighing of grain by delegated States and designated agencies;
- provides review inspection services³ of U.S. grain in the United States and at certain export port locations in eastern Canada;
- investigates, in cooperation with the USDA Office of Inspector General, alleged violations of the Act and initiates appropriate corrective action; and
- monitors the quality and weight of U.S. grain as received at destination ports, and investigates complaints or discrepancies reported by importers.

Mandatory Services

Under provisions of the Act, most grain exported from U.S. export port locations must be officially weighed. A similar requirement exists for inspection, except for grain which is not sold or described by grade. Intercompany-barge grain received at export port locations also must be officially weighed. And, the Act requires that all corn exported from the United States be tested for aflatoxin prior to shipment, unless the contract stipulates that testing is not required.

² Export Port Locations. Commonly recognized ports of export in the United States or Canada, as determined by the Secretary, from which grain produced in the United States is shipped to any place outside the United States. Such locations include any coastal or border location, or any site in the United States that contains one or more export elevators and is identified by FGIS as an export port location.

³ Review Inspection Service. A reinspection, appeal inspection, or Board appeal inspection service performed when discrepancies are alleged between the true quality of the grain and the inspection results.

Mandatory inspection and weighing services are provided by GIPSA on a fee basis at 42 export elevators. Under a cooperative agreement with GIPSA, the Canadian Grain Commission provides official services, with GIPSA oversight, at 6 locations in Canada exporting U.S. grain. Eight delegated States provide official services at an additional 20 export elevators under GIPSA oversight.

Grain exporters shipping less than 15,000 metric tons of grain abroad annually are exempt from mandatory official inspection and weighing requirements. Grain exported by train or truck to Canada or Mexico also is exempt from official inspection and weighing requirements.

Permissive Services

Official inspection and weighing of U.S. grain in domestic commerce are performed upon request and require payment of a fee by the applicant for services. Domestic inspection and weighing services are provided by 62 designated agencies that employ personnel licensed by GIPSA to provide such services in accordance with regulations and instructions. The supervisory and administrative costs of the Federal grain inspection program have been funded by user fees since October 1, 1981.

Activities under the Agricultural Marketing Act

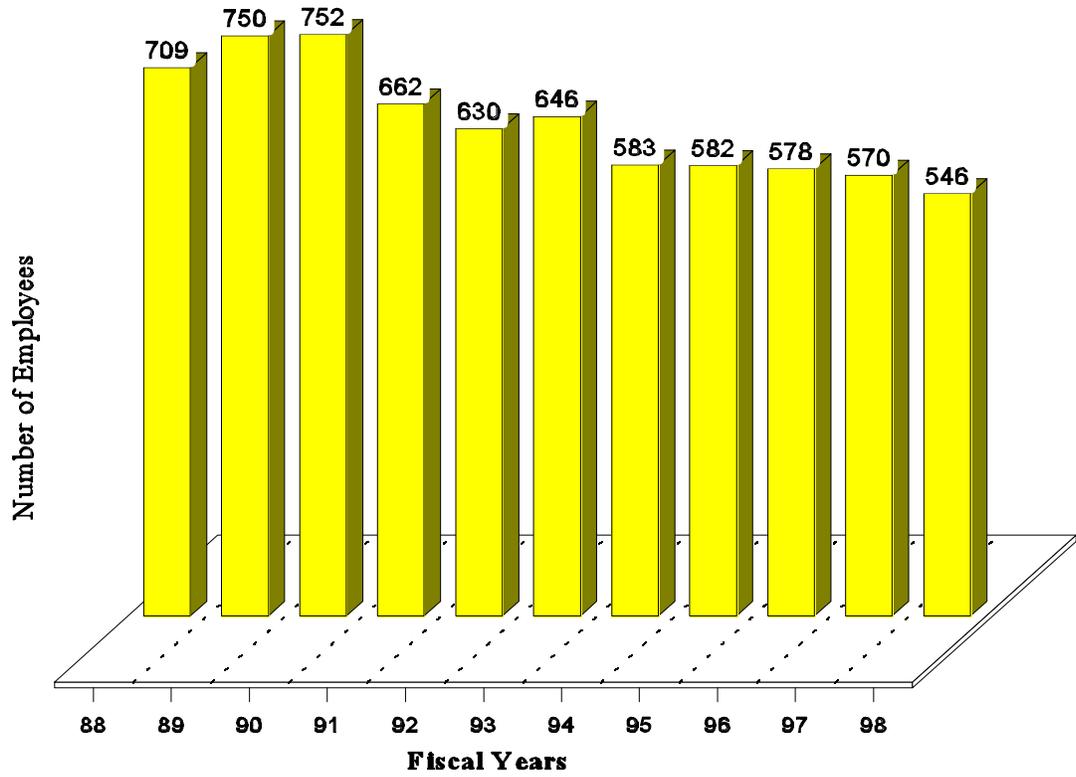
Under the Agricultural Marketing Act of 1946 (hereinafter, the AMA), GIPSA administers and enforces certain inspection and standardization activities related to rice, pulses, lentils, and processed grain products such as flour and corn meal, as well as other agricultural commodities. Services under the AMA are performed upon request on a fee basis for both domestic and export shipments by either GIPSA employees or individual contractors, or through cooperative agreements with States.

FGIS Structure

FGIS is comprised of 546 full-time, permanent employees and 52 part-time, intermittent, or other employees located at 2 headquarters units, 13 field offices, 2 Federal/State offices, and 6 suboffices. FGIS has headquarters units in both Washington, DC, and Kansas City, MO. Field offices are located in Stuttgart, AR; Sacramento, CA; Moscow, ID; Cedar Rapids, IA; Wichita, KS; New Orleans, LA; Baltimore, MD; Minneapolis, MN; Kansas City, MO; Grand Forks, ND; Portland, OR; League City, TX; Toledo, OH; and Olympia, WA; thus ensuring the availability of official inspection and weighing services anywhere in the United States. FGIS personnel also are located in eastern Canada to provide inspection of U.S. grain at Canadian ports.

Official Inspection and Weighing Service Providers here

**Federal Grain Inspection Service
Full-Time Permanent Employment, FY 1988-98**



Source: Executive Resources Staff, SF-113-A

Provision of Inspection and Weighing Services by State

State	Grain				Commodities	
	State Agencies		Private Designated Agencies	GIPSA Locations	State Agencies	GIPSA Locations
	Delegated	Designated				
Alabama	-	-			-	
Alaska						
Arizona			-			-
Arkansas			-			-
California	-	-	-	*-	-	
Colorado			-			-
Connecticut						
Delaware						
Florida						
Georgia		-			-	
Hawaii						
Idaho			-	-	-	-
Illinois			-	-		-
Indiana			-			-
Iowa			-	-		-
Kansas			-	-		-
Kentucky			-			-
Louisiana		-		-	-	-
Maine						
Maryland				-		-
Massachusetts						-
Michigan			-			-
Minnesota	-	-		-	-	-
Mississippi	-	-		-	-	-
Missouri		-		-	-	-
Montana		-			-	-
Nebraska			-			-
Nevada						
New Hampshire						
New Jersey						-
New Mexico			-			-
New York				-		-
North Carolina		-			-	-
North Dakota			-	-		-
Ohio			-	-		-
Oklahoma			-			-
Oregon		-		-	-	-
Pennsylvania						-
Rhode Island						-
South Carolina	-	-				-
South Dakota			-			-
Tennessee			-			-
Texas			-	-		-
Utah		-				-
Vermont						
Virginia	-	-				-
Washington	-	-		*-	-	-
West Virginia						
Wisconsin	-	-			-	-
Wyoming			-		-	-

* Federal/State office.

Outlook 1999



Outlook 1999

Year 2000 (Y2K) Initiative

GIPSA is on track for 100 percent Y2K compliance well before the year 2000. The majority of the Agency's critical in-house microcomputer and minicomputer applications, including computer hardware, firmware, operating systems, standard office automation software packages and other ancillary hardware, already are Y2K compliant. In FY 1998, the cost of GIPSA's Y2K efforts totaled \$1.573 million. Work will continue to ensure that the Agency is ready for the year 2000 and beyond.

Official Moisture Measurements

In FY 1998, GIPSA developed inspection, calibration, and standardization processes for the new official moisture meter and, on August 1, 1998, implemented its use for all official corn, soybeans, and sunflower seed determinations. The new meter offers increased speed and ease of operation; eliminates most operator interaction in the moisture measurement process; allows for electronic results transmission and automated operations; and improves moisture measurement reliability. In FY 1999, GIPSA will develop official calibrations for wheat, rice, sorghum, and as many other grain types as possible.

Marketing Outlook

Beef, pork, and broiler production have all increased in recent years. USDA's Economic Research Service projects that hog production will increase an additional 4 percent and broiler production by 5 percent in 1999. Beef production was at a record high in 1998 but is expected to decline sharply, by more than 7 percent in 1999. Due to the large supplies, meat prices have been and will remain relatively low in 1999. Hog prices are projected to be in the mid \$30s per cwt. in 1999 while broiler prices are projected to average in the upper \$0.50s per pound. Fed cattle prices were thought to have bottomed in the mid \$50s per cwt. during the summer of 1998 and are expected to rise to the low to mid \$70s in 1999. Beef, pork, and poultry exports are expected to increase slightly in 1999. Large grain production in 1998 has lowered grain prices, thereby lowering feed costs and easing the profit strain on livestock producers.

The livestock industries are undergoing major structural changes. Vertical production and marketing arrangements are developing relatively quickly, especially in the pork industry. Concentration levels in meat packing are a major industry concern. The livestock industry has long had concerns about the competitive implications of concentration and structural changes. The concerns increase when prices are low. P&S Programs will be expected to aggressively address these and other important market issues in 1999.

During the past 2 years, U.S. grain exports have decreased due to large world supplies, weak global demand, and a strong U.S. dollar. Weaker exports have continually lowered prices and increased stock levels of the major U.S. grains: wheat, corn, and soybeans. Between August 1997 and August 1998, wheat prices dropped nearly 30 percent and soybean and corn prices by 25 percent. Between marketing years 1995/96 and 1996/97, wheat exports dropped by 16 percent; corn by over 30 percent; and soybean exports decreased marginally. Declining prices and exports, combined with annual production increases over the past 3 years, have produced larger and larger carry-overs every year since 1995/96. Stocks have nearly doubled for most crops; U.S. grain stocks represent an increasing share of the world's total carry-over. For example, projected 1998/99 stocks of U.S. wheat and coarse grains now represent 19 and 38 percent of total world carryover, respectively, up from 10 and 15 percent, respectively, in 1995/96.

The export outlook for 1998/99 and beyond foresees some change in current trends. Corn and wheat exports are expected to increase in 1998/99, which may boost wheat prices somewhat but will not impact corn prices. U.S. wheat exports also should be increase due to reduced competition from Canada and Argentina; corn exports are expected to increase due to less competition from China, Argentina, and Eastern Europe. Soybean exports for 1998/99 are projected at 860 million bushels, down from 882 million bushels in 1996/97.

U.S. market share in many world grain markets has slipped. America's grain exports face increased competition from overseas grain exporters and diminished purchasing power by traditional U.S. grain importers who are experiencing financial difficulties. With continued high domestic supplies, domestic use of grains and grain products will play a greater role in establishing price. Both foreign and domestic users must be assured of the quality of U.S. grains. To respond to these foreign and domestic demands, GIPSA will continue to strive to find ways to facilitate trade by providing the market with the information it needs to assess the quality and value of U.S. grains.

Peer Review of Investigations

USDA has committed to conducting peer reviews of major investigations to ensure that the investigations asked the right questions, collected the right data, and conducted the appropriate analyses. Peer reviews by objective, qualified reviewers have the potential to contribute to GIPSA's plans to strengthen enforcement of anticompetitive behavior in the livestock, meat, and poultry industries. GIPSA will begin the peer review process by reviewing the current Texas fed-cattle investigation.

WORC Petition

The Western Organization of Resource Councils (WORC) submitted a petition requesting that GIPSA initiate rulemaking to restrict certain livestock procurement practices regarding forward contracting and packer-fed cattle. To create a forum for discussion, GIPSA published the WORC petition in the *Federal Register* in January 1997 and received over 1,700 comments by the close of the comment period in April 1997. A team of USDA personnel with economic, legal, and industry expertise reviewed and summarized the comments and assessed the petition's economic and legal justifications and the arguments presented in the comments.

The petition has stimulated valuable discussion of economic and legal issues relating to forward contracting and packer feeding of cattle, as well as contractual arrangements for production and sale of other species. GIPSA and USDA are committed to continuing a review of and dialogue on the important questions raised in the petition. To foster an ongoing dialogue on the merits of the issues, the review and assessment of the petition is available on GIPSA's Web site for public review.

Price Reporting

GIPSA has received information that some livestock transactions are conditioned on an agreement that the transaction price not be reported to public or private reporting services. GIPSA is concerned that the non-reporting of price as a condition of the purchase or sale of livestock may result in inaccurate and incomplete price information, thereby adversely affecting the price discovery process. Therefore, GIPSA is considering proposed rulemaking to prohibit, as a violation of the P&S Act, the non-reporting of price as a condition of the purchase or sale of livestock. To assess the need for regulatory action, GIPSA published an Advance Notice of Proposed Rulemaking in the *Federal Register* to invite comments from all interested parties. The comment period will close on December 9, 1998, and analysis of the comments received will be conducted in FY 1999.

Poultry Regulations

A large share of the complaints and concerns the Agency receives from contract poultry growers fall into three areas: (1) grower payment based on performance compared with other growers for a specified time period (usually all growers whose birds are killed within a 1- or 2-week period); (2) accuracy of feed weights, and feed delivery and pickup procedures; and (3) procedures for weighing live birds picked up for slaughter and the accuracy of the weights. The Agency is concerned that contract poultry growers are in an unequal bargaining position with the integrated poultry companies and is considering the need to issue substantive regulations to provide growers with assurance that their settlements will be equitable.

An Advance Notice of Proposed Rulemaking (ANPR) was published in the *Federal Register* early in FY 1997 seeking comments on the need for regulations and the content of such regulations. GIPSA received more than 3,400 comments, the vast majority of which addressed the question posed in the ANPR regarding the potential regulation of comparison-type poultry growing agreements, but with very divergent views. These comments, along with the findings of two ongoing investigations into the various payment terms contained in poultry growing arrangements, will help define the need for future regulatory initiatives. Also, in response to the comments received, a rule is being proposed to require firms subject to the P&S Act to accurately weigh feed provided to contract growers when feed weights are used in determining compensation for both livestock producers and poultry growers.

Restructuring P&S Programs

GIPSA will complete a major restructuring of its P&S programs to strengthen its capability to investigate possible unfair and anticompetitive practices, and to provide greater flexibility and efficiency in enforcing the trade practice and payment protection provisions of the P&S Act. Additional economic, statistical and legal expertise will be added to the field offices during FY 1999 to pursue investigations of anticompetitive practices in the livestock, meat, and poultry industries. The reorganization provides the infrastructure needed to move GIPSA's P&S programs into the 21st century.

Packers and Stockyards Programs



*Ensuring a fair, open, and competitive
marketing environment for
livestock, meat, and poultry.*

- ▶ *Competition*
- ▶ *Fair Trade Practices*
- ▶ *Financial Protection*

FY 1998 Highlights

P&S Program Restructured

High concentration, forward sales agreements, production contracts, and vertical integration have raised major concerns about competition and trade practices in livestock and procurement by meat packers and poultry processors.

Concentration in the meat packing industry is relatively high and has been growing. The four leading packers' share of steer and heifer slaughter increased from 36 percent in 1980 to 80 percent in 1997. Concentration in hog slaughter is not as high but also is on the rise, increasing from 34 percent in 1980 to 54 percent in 1997. In addition, both the slaughter and production of livestock have become more concentrated into relatively narrow geographic regions.

As the industry structure has changed, the lines between Title II and Title III enforcement activities under the P&S Act have become increasingly blurred. Accordingly, GIPSA's Packers and Stockyards program is being restructured to focus on its core responsibilities under the Act -- competition, trade practices, and payment protection.

At headquarters, P&S Programs has streamlined from two divisions and six branches that focused on Title II and Title III provisions of the Act into a single Office of Policy and Litigation Support with three branches that focus on the core responsibilities of competition, fair trade practices, and payment protection. The headquarters structure also includes an Office of Field Operations to manage delivery of all P&S activities and functions at the field level; and Economic and Statistical Support Staff to provide economic advice on broad policy issues, provide economic modeling and other technical support for investigations, and coordinate supporting research.

Eleven field offices have been consolidated into three regional offices in Denver, CO; Des Moines, IA; and Atlanta, GA, to allow significantly larger staffs to be located near the concentrations of beef, pork, and poultry production and slaughter. Each regional office is responsible for all trade practice and financial protection issues within its assigned region. The Denver office has access to the concentrated fed-cattle production and slaughter areas of Colorado, Kansas, Oklahoma, Nebraska, and Texas, and has nationwide responsibility for major industry and competitive issues relating to cattle and sheep. The Des Moines, IA, office, which is located in the center of the largest pork production and slaughter area, has nationwide responsibility for major industry and competitive issues relating to hogs. Atlanta's regional office is responsible for major industry and competitive issues nationwide relating to poultry.

Basic services, such as jurisdiction and bond activities, custodial account audits, weighing investigations, and routine trade practice investigations, will be provided to outlying geographic areas by resident agents who will work out of their homes or one of three suboffices. The Denver region has suboffices in Sacramento, CA, and Fort Worth, TX; the Atlanta region has a suboffice in Lancaster, PA.

Consolidation of the headquarters and field office activities has been completed and management teams are in place. The resident agent positions will be staffed and the remaining field employees relocated in FY 1999.

Strengthened
statistical, and legal expertise into investigations at the field office
Anticompetitive Practices

As part of its restructuring plan, P&S is incorporating economic, **Investigations of** level, thereby increasing the efficiency and effectiveness of P&S staff in investigating anticompetitive practices as well as in enforcing trade practice and payment protection provisions of the P&S Act. In FY 1998, P&S began recruiting economists and legal specialists for its field staff, with five economists and two attorneys hired in the last quarter of the year. The Administration continues to seek additional funding to investigate competitive behavior in meat packing and to address concerns in the poultry industry.

Won Important
Legal Ruling

USDA's Judicial Officer issued a decision that reversed some of the findings of the Department's Chief Administrative Law Judge and entered an order requiring IBP, inc., to cease and desist from entering into agreements that contain a right of first refusal in which IBP may obtain livestock by matching the highest previous bid, rather than having to raise the bid to purchase the livestock. The Judicial Officer reaffirmed USDA's broad authority under the P&S Act and ruled that harm in this case could be proven by showing harm to competitors instead of requiring the higher standard of harm to competition. The Judicial Officer found, however, that while the agreement at issue in the case was discriminatory and offered certain Kansas feedlots a preference, the agreement was not unjustly discriminatory and the preference was not unreasonable. IBP is appealing the Judicial Officer's cease and desist order restricting use of right of first refusals to the Circuit Court of Appeals.

Established a
Toll-Free Number

GIPSA established a toll-free number (1-800-998-3447) to allow producers and the public to file complaints and report market abuse. Callers can record their complaints confidentially or leave their names, addresses, and other information to discuss issues with a GIPSA representative.

Issued Orders and Assessed Penalties

Over the past 3 years, 115 decisions and orders have been issued against 183 individuals and firms for violating the P&S Act. The orders included more than \$366,380 in civil penalties and 314 cease and desist provisions involving unfair trade practices or anticompetitive activities. Small farms are among the principal beneficiaries of these enforcement actions.

Recruitment

GIPSA actively sought the expertise necessary to enhance its capability to conduct investigations of potentially anticompetitive practices. Recruiting staff with economic and legal expertise was a high priority in FY 1998 and will be expanded in FY 1999. Both individuals and universities were contacted to establish a pool of candidates for economist positions. Emphasis has been placed on contacting institutions likely to have candidates from under-represented groups. As a result of recruiting efforts, economists were placed in the Denver and Des Moines regional offices, as well as Washington headquarters in FY 1998. GIPSA also recruited two legal specialists for the Denver and Des Moines offices to assist with investigations of possible anticompetitive behavior.

Competition

Competition

One of GIPSA's major responsibilities under the P&S Act is to ensure open, competitive marketing conditions for livestock and meat. Concerns surrounding enforcement in this area have been voiced by various producer organizations. To maintain a competitive and fair marketing system, buyers of livestock must actively compete in the procurement of livestock. GIPSA continually monitors the livestock industry for anticompetitive practices through various investigative activities and other tools.

Anticompetitive Arrangements

GIPSA places a high priority on investigating all complaints and further developing information received concerning the failure of livestock dealers, market agencies, or packers to compete for the purchase of livestock. During FY 1998, GIPSA conducted investigations involving livestock dealers, market agencies, packer buyers, and slaughtering packers regarding potential anticompetitive practices in the purchase of livestock.

A criminal indictment for violating the Sherman Antitrust Act and Federal mail fraud statutes was handed down on December 17, 1997, in Federal District Court, Omaha, Nebraska, alleging that a salaried packer buyer conspired with a feedlot owner and his employee to defraud a cattle feeder out of \$23,367.08 on one transaction involving 468 head of cattle. On December 26, 1997, the feedlot owner waived his right to indictment and agreed to plead guilty to violating the Sherman Antitrust Act for his role in the scheme. He was sentenced on February 25, 1998 to: (1) a \$20,000 fine; (2) \$23,367 restitution; (3) 400 hours community service; (4) 6 months' electronic house arrest, and (5) 5 years' probation. The packer buyer was sentenced on July 2, 1998 to: (1) a \$24,000 fine; (2) \$9,864 restitution; (3) 3 years' probation, and (4) 8 months of home confinement. The action was the result of the cooperative investigative efforts of GIPSA, the Federal Bureau and Investigation, the Department of Justice's Antitrust Division, and the Nebraska Brand Committee.

GIPSA continued investigating the procurement of slaughter cows. These investigations have focused on potential failures to compete for the purchase of cull cows at auction markets. Purchasing arrangements between and among packers and other buyers are being investigated, including failures to conduct buying operations competitively and independently.

GIPSA is conducting a broad investigation of fed steer and heifer procurement in the Texas Panhandle. Descriptive and graphical analyses have been completed and portions were reported to the public in February 1998. Purchase and slaughter patterns have been examined to identify potential occurrences of aberrant or unusual procurement practices. USDA's publicly reported Market News prices have been assessed to examine whether they accurately reflect packer procurement transactions.

Econometric and statistical analyses are being conducted under a cooperative agreement with researchers at Iowa State University and the University of Nebraska to identify relationships between spot market prices and non-spot purchases, and to reveal relationships that may not be apparent. Completion is expected by late fall 1998, with peer review of the investigation to follow.

An investigation of slaughter hog procurement in the western Corn Belt has been completed. The investigation includes analysis of contractual arrangements between packers and pork producers, and price relationships between various procurement arrangements. An assessment was conducted to determine whether USDA's publicly reported Market News prices accurately reflect packer procurement transactions. Econometric and statistical analyses have been conducted with the cooperation of personnel from USDA's Economic Research Service and National Agricultural Statistics Service. Findings have been reported to the industry, and plans are underway to present the information to small producers in the investigation area.

GIPSA is conducting an investigation involving trade practices of the Nation's major lamb slaughterers. This investigation includes an analysis of pricing and procurement methods, procurement areas, contractual arrangements, plant and firm comparisons, seller comparisons, and related analysis. An extensive data collection effort focusing on procurement as well as sales transactions and preliminary analysis and investigation has been completed. Analyses will be conducted by Agency economists. The completion date depends on the results of the economic analyses.

Concentration and Industry Structure

GIPSA entered into cooperative research agreements with Texas A&M University and the University of California at Davis to examine the effects of meatpacking concentration on prices paid for fed cattle. The research projects will be completed in FY 1999.

GIPSA prepared a statistical report on the meatpacking industry covering calendar year 1996. The report shows concentration ratios, plant size, packer purchases by region through public and non-public markets, the extent of packer feeding, and financial and other information on the structure of the industry.

Trends in four-firm concentration are shown in a table below and trends in the 15 largest beef packers' use of forward contracts, marketing agreements, and packer feeding are shown in a figure below.

**Four-Firm Concentration in Meat Packing
Reporting Years 1980-97**

Year	Cattle ¹	Steers & heifers	Cows & bulls	Hogs	Sheep & lambs
<u>Percent of total commercial slaughter</u>					
1980	28	36	10	34	56
1981	31	40	10	33	53
1982	32	41	9	36	44
1983	36	47	10	29	44
1984	37	50	11	35	49
1985	39	50	17	32	51
1986	42	55	18	33	54
1987	54	67	20	37	75
1988	57	70	18	34	77
1989	57	70	18	34	74
1990	59	72	20	40	70
1991	61	75	20	44	72
1992	64	78	24	44	71
1993	67	81	25	43	73
1994	69	82	25	45	73
1995	69	81	28	46	72
1996	66	79	29	55	73
1997	68	80	28	54	70

¹ Includes steers, heifers, cows, and bulls.

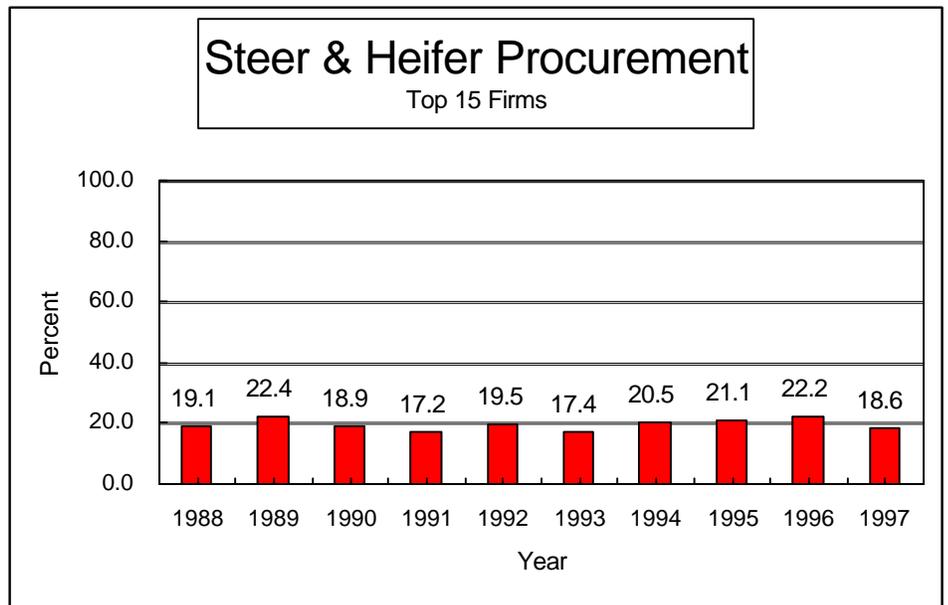
Note: Figures for years 1980-90 are based on firms' fiscal years as reported to GIPSA. Figures for 1991-97 are based on calendar year federally inspected slaughter.

Livestock Procurement Practices

A major case alleging that IBP, inc., entered into a marketing agreement and paid preferential prices to an exclusive group of feedlots in Kansas was dismissed by the Chief Administrative Law Judge (ALJ) in September 1997. The Agency filed an appeal in November 1997 with USDA's Judicial Officer, who has been delegated authority to issue the final decision for USDA in cases arising under the P&S Act. The Judicial Officer upheld most of the Chief ALJ's initial decision dismissing the complaint, but disagreed with the Chief ALJ's conclusion that IBP did not violate the Act. He ruled that one of the terms of the agreement, the right of first refusal, has the effect or potential effect of reducing competition. Importantly, he agreed with GIPSA that the appropriate standard of harm is harm to competitors, rather than the higher standard of harm to competition. In August 1998, IBP appealed the Judicial Officer's decision to the Eighth Circuit Court of Appeals (Docket Number 98-3104) in St. Louis, MO. IBP also filed a motion for a stay of the Judicial Officer's decision pending the outcome of its appeal, which has been granted.

Procurement Data

GIPSA obtains special procurement information from the Nation's top 15 steer and heifer slaughter firms annually. This information is related to livestock purchased through contracts, packer feeding arrangements, or marketing agreement/formula-priced type transactions on a monthly basis. The Agency closely monitors the overall percentage and use of these cattle by the Nation's meat packers.



Figures show the percentage of the top 15 firms' cattle obtained through forward contracts, marketing agreements/formula pricing arrangements and packer-owned and/or fed.

Electronic Filing

GIPSA, in line with the Paperwork Reduction Act, has requested an increase in its budget to allow for electronic submission of reports by packers. With increased concern over concentration in the meat packing industry, electronic submission of data on packer use of forward contracts, marketing agreements, formula pricing, and other procurement initiatives require P&S Programs to collect extensive data over extended periods of time. Providing for the electronic submission of this type of data would reduce the cost to packers, improve the timeliness of reporting, and create a better understanding of the data on a real-time basis. The electronic submission of data will include data submitted on an annual basis and will allow for larger amounts of data to be accessed on an “as needed” basis. The electronic submission will provide for facsimile input, dial up “Bulletin Board” input, magnetic tape input, and future Internet capabilities.

Dialogue With Industry

GIPSA maintains an active dialogue with industry participants to sustain current knowledge of issues of concern. Lines of communication are open at the grassroots level up through the industry association and policy-making levels. During the course of investigations, GIPSA personnel make formal and informal contacts with people in all phases of the livestock, poultry and meat industries. From these contacts, perspectives are shared about specific complaints as well as general concerns. GIPSA established a toll-free number (1-800-988-3447) as another avenue for producers and the public to voice their concerns and record their complaints about competitive, trade practice, or financial issues that may warrant investigation. GIPSA personnel regularly attend and participate in meetings of industry associations, at both the national and State levels. These forums provide an opportunity for GIPSA to inform the public about its programs and for the Agency to keep abreast of changes in the industry. When appropriate, GIPSA also seeks comment from interested parties through requests for comments published in the *Federal Register*. For example, comments were sought on a petition submitted by the Western Organization of Resource Councils (WORC) requesting that GIPSA initiate rulemaking to restrict certain fed cattle procurement practices. The petition has stimulated valuable discussion of economic and legal issues related to forward contracting and packer feeding of cattle and contractual arrangements for production and sale of other species as well.

Peer Review of Investigations

GIPSA has committed to conducting peer reviews of major investigations to evaluate whether GIPSA asked the right questions, collected the right data, and conducted sound analyses using appropriate models. The goal is to improve and enhance (1) procedures for conducting investigations of competitive practices in slaughter livestock and poultry markets, (2) procedures for internal quality control to use in future investigations of competitive issues, and (3) identification and development of staff who work on competition investigations. Reviewers from outside USDA will be selected who have the credentials needed to conduct sound, objective, and constructive reviews. The professional peer reviews will provide information that will assist in developing operating procedures and staff capabilities for designing, implementing, and reviewing future major competitive investigations that will be undertaken by GIPSA.

Fair Trade Practices

Unfair Practices

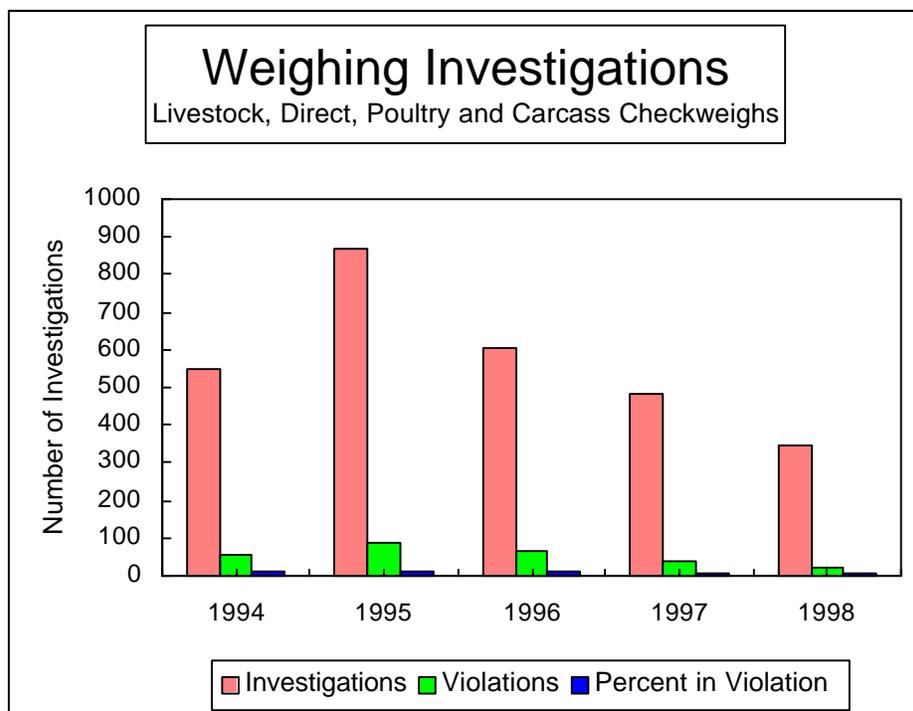
One of GIPSA's major objectives under the P&S Act is to maintain fair business practices in the marketing and procurement of livestock, meat, and poultry. To ensure fair business practices and determine if unfair or deceptive practices are occurring, P&S continually conducts trade practice investigations of auction markets, livestock dealers and order buyers, slaughtering packers, poultry processors and dealers, and dealers, brokers, and distributors.

Accurate Weights

GIPSA's responsibility in this area consists of two elements that affect the integrity of subject transactions: (1) the accuracy of the scales used for weighing livestock, meat, and poultry; and (2) the proper and honest operation of scales to ensure that the weight on which a transaction is based is accurate.

GIPSA's enforcement efforts in this area are directed at monitoring scale tests, and detection of improper and fraudulent use of subject scales. In most cases, the scales are tested by State and private testing agencies following standards developed in cooperation with the National Conference on Weights and Measures (NCWM). GIPSA conducts training schools for test agencies with NCWM National Training Program-certified instructors.

Test reports are analyzed and tests are periodically supervised to ensure that they accurately reflect the performance of the scale under normal use conditions. Since 1988, 24 training schools provided technical instruction to 416 officials from 40 States and the Navajo Nation. Informal instruction is routinely provided upon request to State and private test agencies. Of the scales tested, 92.3 percent complied with performance requirements. Equipment not found in compliance was adjusted, repaired, replaced, or removed from service.



Weighing investigations are a critical component of the program to assure accurate weights. In FY 1998, 348 checkweighing investigations were conducted at livestock auction markets, dealer buying stations, and meat packing and poultry processing plants. Approximately 6 percent of the investigations disclosed false or incorrect weighing which resulted in corrective action being taken.

False Weighing

USDA regulations require that livestock purchased on a weight basis be accurately weighed and that payment be made on the accurate weight. False weights have an immediate and measurable impact on livestock producers' paychecks. During FY 1998, GIPSA issued an administrative complaint against one livestock dealer alleging the purchasing of livestock from sellers at less than their true and correct weight.

Contract Poultry Arrangements

During FY 1998, GIPSA investigated the operations of 165 live poultry dealers. Nearly 60 percent of these investigations were the result of complaints received from contract growers. GIPSA is conducting an in-depth investigation of the operations of a major poultry firm for evidence of alleged discrimination against growers. Simultaneous investigations of the various payment terms incorporated into poultry growing arrangements are being conducted. These investigations are designed to determine whether the contract settlement terms of several live poultry dealers throughout the United States are deceptive or unfair to the growers who grow poultry under these agreements.

Continuing investigations of large tare weight variations have prompted procedural changes by several poultry firms to ensure accurate tare weights of poultry live haul vehicles. Weighing practices were investigated through unannounced checkweighings at 93 poultry complexes in FY 1998.

GIPSA, poultry growers, and a major poultry firm met to assess possible unjust grower contract termination. GIPSA also participated in the annual Poultry Science Association meeting to discuss the current state of grower/company relations.

Livestock Marketing

Fraudulent marketing practices, such as weight and price manipulation, and misrepresentation of livestock's origin and health continue to be concerns within the industry. Emphasis is given to investigating these practices when complaints are received or when such practices are identified during other investigations. During FY 1998, GIPSA issued an administrative complaint alleging one livestock dealer sold hogs to a customer after arbitrarily and fraudulently increasing the purchase weight of such hogs and misrepresenting to the customer the source of the livestock by use of fictitious names.

Livestock Procurement Practices

To determine if unfair or deceptive practices in violation of the P&S Act are occurring in the procurement of livestock, GIPSA continues to conduct livestock procurement investigations of slaughtering packers, dealers, and order buyers. These investigations include examining the firm's entire operation for possible violations of the P&S Act, including: price manipulation; weight manipulation of livestock or carcasses; manipulation of carcass grades; commercial bribery; misrepresentation of source, condition, or quality; or other unfair and deceptive practices.

Many hog slaughterers in the United States are using electronic carcass evaluation devices to purchase hogs on a carcass merit basis. GIPSA conducts semiannual investigations at hog slaughtering plants that use these devices to ensure the accuracy of the devices, proper formula application and accounting, and the proper application of the devices.

Fraud

Fraudulent transactions in the livestock, meat, and poultry industries are a major concern to GIPSA. Such transactions involve various types of fraudulent activity, including collusion between or among dealers, order buyers, market agencies, or packer employees engaging in payoffs and kickback schemes; and defrauding purchasers of livestock by causing paper transactions in which the livestock purportedly changes ownership several times with markups in price and/or weight each time before sale to the ultimate buyer. These practices are among the most serious violations of the P&S Act and have the ultimate effect of lowering prices paid to the livestock producer or raising prices paid by the consumer. During FY 1998, an investigation file alleging that a livestock dealer had engaged in various fraudulent transactions was prepared by Agency personnel.

These transactions included falsification of records concerning disposition of livestock which had been resold at an auction market rather than sold to a packer on a grade and yield basis as accounted for to his customer. The transactions also included falsification of the weight and price of the livestock and, in some instances, providing the customer with a fictitious condemnation certificate in lieu of any payment. The file was referred to the Office of General Counsel for transmittal to the Department of Justice seeking a permanent injunction and an appropriate civil penalty under Section 10 of the P&S Act.

Reparations

Any person harmed when a market agency or dealer violates the P&S Act may file a complaint seeking monetary damages. At the beginning of FY 1998, there were 32 docketed reparation actions pending in which the complainants were seeking reparations in the amount of \$428,875. During FY 1998, 6 additional actions were docketed or re-opened in which the complainants sought reparation in the amount of \$92,131. Eleven dockets were closed, in which 3 complainants received or were awarded \$12,520. At the end of FY 1998, 25 dockets, in which complainants are seeking \$361,080 in reparations, were pending.

Financial Protection

Getting Paid

Financial integrity is a major concern and responsibility of GIPSA to ensure a stable and competitive market for livestock, poultry, and meat. Full and prompt payment is essential for producers to maintain the cycle of production necessary for a viable market. Livestock buyers are required to maintain a surety bond to cover their livestock purchase operations. Prompt and full payment for livestock and poultry purchases are required by law under the P&S Act. Livestock auction markets must establish and maintain a custodial (trust) account for payment to consignors. A packer and poultry trust is established under the Act that gives livestock and poultry sellers first claim to trust assets in the event of nonpayment.

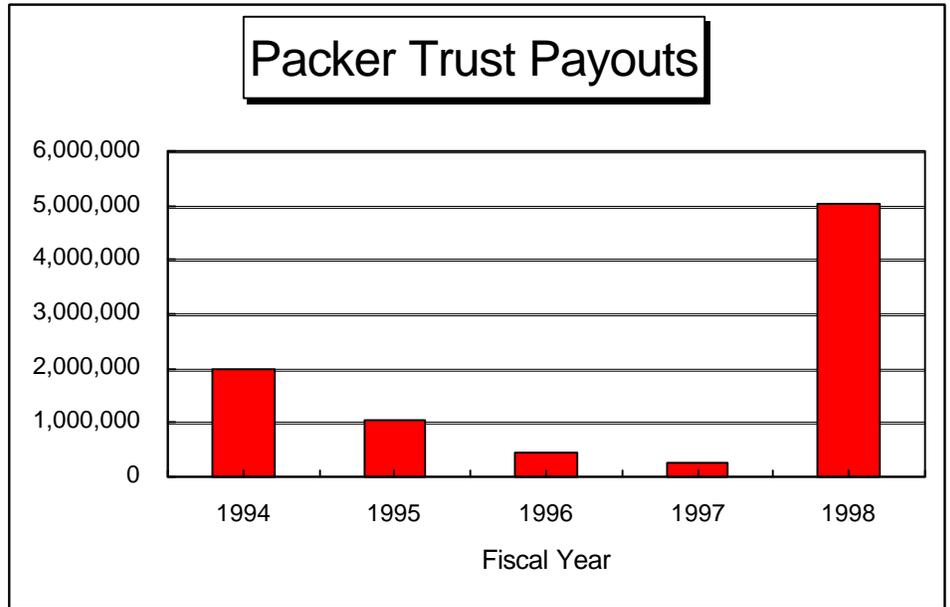
Financial Investigations

Financial investigations during the year resulted in \$3.7 million being restored to custodial accounts established and maintained by livestock auction markets for the benefit of livestock sellers. Packer trust activities also returned over \$5 million to livestock sellers.

Livestock dealers, market agencies, and packers are required to meet solvency requirements, a critical component of payment protection under the provisions of the P&S Act. During FY 1998, 130 insolvent dealers and market agencies corrected or reduced their insolvencies by \$10.1 million. Insolvent packers corrected or reduced their insolvencies by \$1.8 million.

Packer Trust

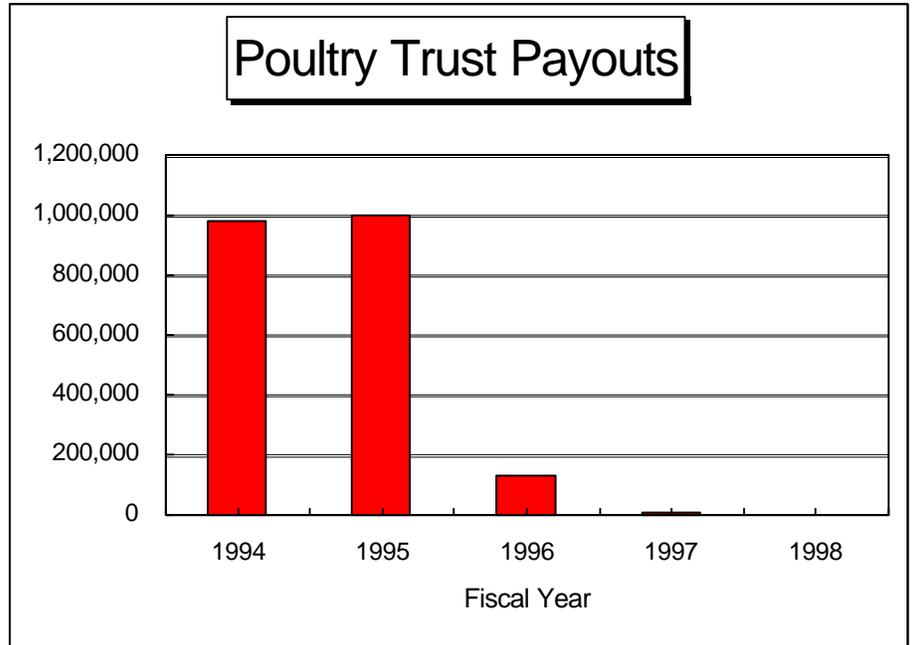
It is important that producers receive timely and full payment for the livestock they market. Payment protection is provided directly under the P&S Act by statutory requirement of full and prompt payment, by packer bonding requirements, and by the packer trust provisions. Packers also are required to file annual reports of their operations with GIPSA and to maintain a solvent financial condition. Prompt payment is a significant element of the financial protection afforded producers under the P&S Act and is an integral part of the packer trust which provides protection to producers who fail to receive payment from meat packers. Since the 1976 amendments to the P&S Act, livestock sellers have been paid \$53.7 million under the statutory trust provisions. In FY 1998, a large packer ceased operations owing \$4.9 million to livestock sellers. Trust assets were preserved and the proceeds were distributed in a timely manner to trust beneficiaries. All livestock sellers received full payment under the trust.



Live Poultry Trust

In February 1988, the P&S Act was amended to include a statutory trust provision similar to the packer trust giving payment protection to live poultry growers and sellers. Since the 1988 amendments, live poultry producers have been paid \$7.3 million under the statutory trust provisions.

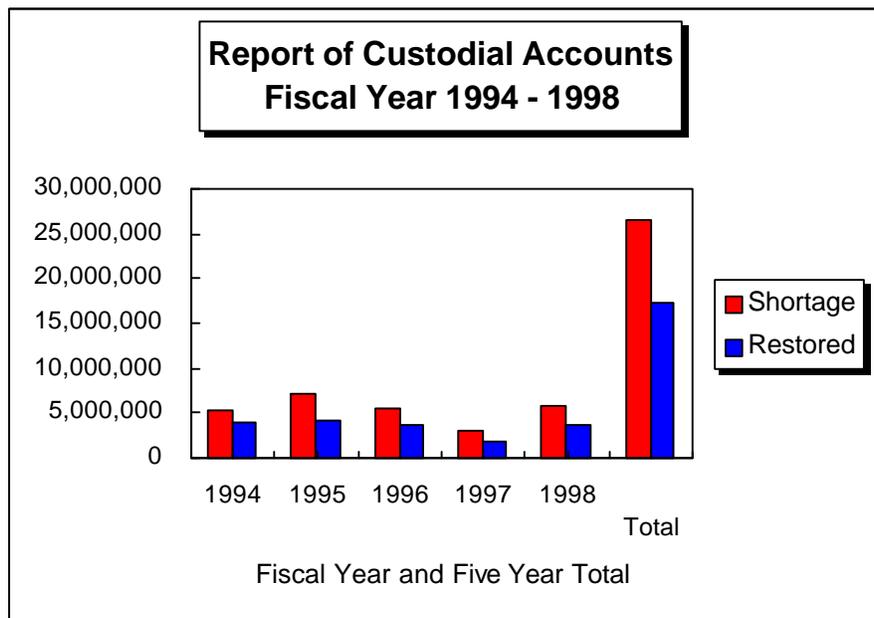
The poultry trust payouts reflect claims for unpaid purchases of all types of poultry, including broilers, turkeys, and spent fowl. It primarily shows the failure of small regional firms that have ceased operations and failed to pay growers or poultry sellers. It does not accurately portray an economic trend for the industry as a whole but only reflects a sum of the failures of small marginal operations. The national firms are large, completely integrated operations that are relatively stable financially. Any changes that occur are the result of mergers or sales of the total operation and do not usually result in losses to poultry growers or sellers. In 1998, no poultry trust complaints were received by GIPSA, and no trust payouts for prior pending cases were made.



Custodial

Payment protection for the sellers of livestock is an integral part of the P&S Act and extremely important to GIPSA. To ensure compliance with the financial and payment protection provisions of the Act, GIPSA routinely reviews financial reports and conducts payment practice audits and investigations.

Market agencies that sell livestock on a commission basis are required to establish and maintain a separate bank account for the benefit of livestock sellers called a Custodial Account For Shippers' Proceeds. GIPSA has an ongoing compliance surveillance program designed to regularly audit each of these accounts. During FY 1998, the compliance audits conducted on 393 custodial accounts disclosed that 187 markets had shortages totaling \$5.7 million in their accounts. The audit program resulted in restoring \$3.7 million for the benefit of livestock sellers.



Solvency

Livestock dealers, market agencies, and packers are required to meet solvency requirements, a critical component of payment protection of the P&S Act. In the past 5 fiscal years, 1,357 dealers and market agencies found to be insolvent either corrected or reduced their insolvencies, in the aggregate, over \$80.2 million as a result of GIPSA compliance activities. Of the 1,357 dealers and market agencies, 772 completely corrected their insolvencies. During FY 1998, 247 insolvent dealers and market agencies corrected or reduced their insolvencies by \$10.1 million. During FY 1998, insolvent packers corrected or reduced their insolvencies by \$1.8 million.

Bonding

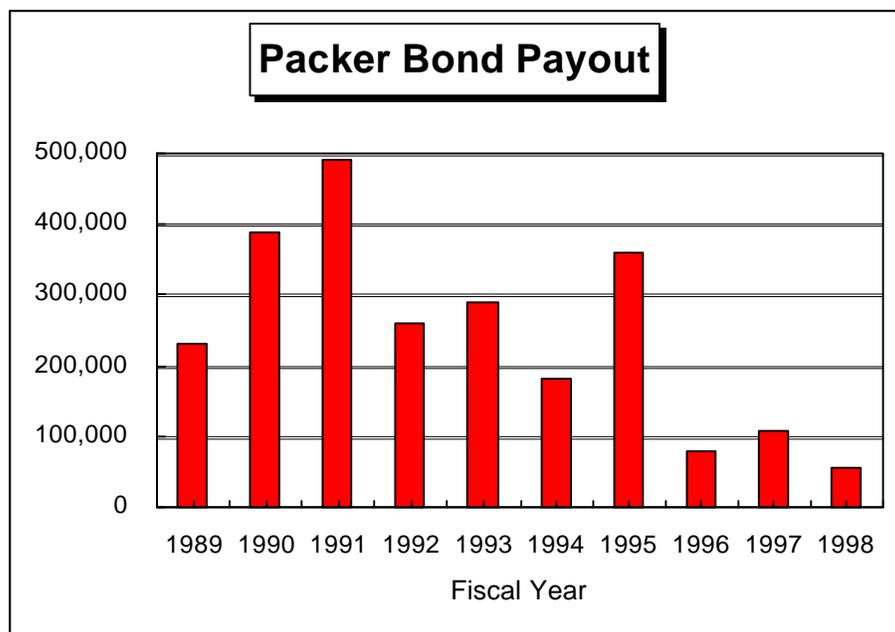
The P&S Act and regulations require that each market agency and dealer operating in commerce be registered. To comply, a firm must file an application simultaneously with a surety bond or its equivalent. The following table shows the number of registrants and value of their bonds for the past 3 fiscal years.

	FY 98	FY 97	FY 96
Posted Stockyards	1,298	1,333	1,348
Market Agencies/Dealers	6,391	6,904	6,988
Packer Buyers	1,988	2,133	2,169
Value of Bonds (millions)	\$249	\$244	\$247

In FY 1998, 272 claimants recovered \$.3 million out of \$1.9 million in claims filed during the fiscal year against bonds maintained by dealers and market agencies that failed financially. Claims totaling approximately \$.5 million are pending and are expected to be paid to claimants.

The 1976 amendment to the P&S Act made provisions for packer bonding as an additional means of payment protection to livestock sellers. All packers purchasing more than \$500,000 worth of livestock annually must be bonded to provide payment protection for unpaid livestock purchases not otherwise recovered through the packer trust. The percentage of bond payout to total bond value is consistently less than 1 percent.

Packer Bonding Activity	
Value of bonds (\$ in millions)	304
Number of packers bonded	409
Number of packer bonds called on	8
Value of packer bonds called on (\$ in millions)	89.5



Federal Grain Inspection Service



*Promoting and protecting the integrity
of the domestic and global marketing of
U.S. grain for the benefit of American agriculture.*

- ▶ *Harnessing Technology*
- ▶ *Promoting Standardization*
- ▶ *Providing Official Inspection
and Weighing Services*
- ▶ *Protecting Integrity*

FY 1998 Highlights

- New Official Moisture Meter** In FY 1998, GIPSA implemented a new official moisture meter in the official inspection system. Implementation of the new instrument marks a transition to new technology for moisture measurement for the United States' official grain inspection system. The new meter offers increased speed and ease of operation, thereby helping to contain inspection costs; eliminates most operator interaction in the moisture measurement process; allows for the electronic transmission of results and is adaptable to automated operations; and the instrument's newer technology and built-in system checks will improve reliability. GIPSA coupled implementation of the new meter with an unprecedented educational outreach effort that helped ensure a smooth transition to the new instrument by informing the market about the potential impacts and benefits of the new technology.
- DON/Vomitoxin Response** In response to barley producers' concerns regarding vomitoxin analysis and discounts based on this analysis, GIPSA quickly initiated a multifaceted program to educate barley producers about deoxynivalenol (DON). The Agency also instituted a comprehensive study on the effects of sample collection procedures and sample size on the accuracy of DON test results in barley.
- Corn Oil, Protein, and Starch Testing Services** As part of GIPSA's efforts to keep pace with an increasingly sophisticated market that requires end-use quality information, in FY 1998, the Agency began offering a new testing service for corn oil, protein, and starch. This service provides the corn industry with accurate, transparent information with which to determine value, establish premiums, and negotiate price.
- ISO 9002 Certification** In FY 1998, GIPSA successfully obtained International Standards Organization (ISO) 9002 certification for its moisture and protein reference laboratories. This certification enhances the international credibility of these laboratories, as ISO standards are becoming the *de facto* standard across industries worldwide.

Harnessing Technology

Computer Imaging

Computer imaging is a most promising new technology to enhance the accuracy, consistency, and objectivity of grain inspection and grading. In FY 1998, GIPSA developed instrument calibrations to measure the percentages of broken kernels and heat damage kernels in milled rice. In addition, the Agency initiated a collaborative study with the State of California to assess the adequacy of the method for officially determining the percentage of broken kernels in milled rice. In FY 1999, GIPSA will complete this study and, based on findings, determine whether to implement the use of computer imaging equipment for this complex test. Further, GIPSA will collaborate with the Agricultural Research Service (ARS) to develop other applications for computer imaging in grain inspection and grading.

Corn Oil, Protein, and Starch Testing Services

High-oil corn (HOC), which has had a production increase from virtually zero acres in 1993 to an estimated 1,500,000 acres in 1998, is one of the fastest growing value-enhanced products (i.e., speciality varieties of corn with particular value added end-use quality characteristics) in the United States. By the year 2000, production of HOC is expected to reach 3 million acres and represent a significant part of the corn produced and traded in the marketplace. HOC is primarily used by livestock feeders to enhance weight gain.

In response to the market's growing interest in and demand for HOC, on July 1, 1998, GIPSA began offering corn oil, protein, and starch testing service to provide the corn industry with accurate information with which to determine value, establish premiums, and negotiate price. Costs both to the Agency and our customers of providing this service (e.g., instruments, training, etc.) were minimized by expanding the use of previously approved near-infrared transmittance (NIRT) technology and using existing instruments.

GIPSA's implementation of this new testing service is setting a standard by which the market will operate. The market will have access to an accurate testing and measurement system that helps ensure fairness and price transparency, and especially for producers of HOC who can rely on this assessment to ensure that their crops are accurately measured.

Cu-Sum Automation

GIPSA is automating the export inspection statistical shiploading plan, also known as Cu-Sum. In FY 1998, the Agency conducted a successful 4-month full-scale prototype pilot of the base system at an elevator in New Orleans. The system, which is still in beta test mode, will be installed at four more elevators in Toledo, OH, Portland, OR, League City, TX, and New Orleans, LA, early in FY 1999. In addition, GIPSA plans to install the automated system at a number of elevators in the New Orleans area during the fourth quarter of FY 1999. The automated Cu-Sum system will improve the efficiency of the official system by minimizing manual data collection and calculations, and permit direct data sharing with customers and remote GIPSA offices.

Mycotoxin Methods Development

In FY 1998, GIPSA approved one additional, new aflatoxin test kit for use in the official inspection system. In FY 1998, GIPSA developed an improved reference method for the analysis of aflatoxins in grains and other commodities. The new method improves accuracy and precision and, through the implementation of robotics, reduces the direct labor required to conduct analyses. In FY 1999, GIPSA will use this reference method to evaluate currently approved and new test kits for consistency and accuracy. Also in FY 1999, GIPSA will develop a fumonisin reference method and approve fumonisin test kits for use in the official inspection system.

National Quality Database (NQDB) Pilot

GIPSA has begun a pilot with representatives of official agencies to electronically obtain bi-weekly official sample-lot and submitted sample-lot certificate data using the Internet. This data will provide a comprehensive database that can serve as a basis for such functions as countrywide dynamic trend analysis of particular grains, maintaining and improving statistical baseline ratios used in other statistical applications, and allowing supervising field offices to use statistical algorithms to review far fewer samples from official agencies, thereby allowing a more timely response to potential problem areas.

Networking the Official System

The Official Agency (OA) telecommunications network will enhance communication within the official grain inspection and weighing system by allowing electronic mail, bulletin board functions, and bi-weekly data sharing between the official agencies and GIPSA through the Internet. Official agencies are required to use local service providers to allow them to access an Intranet or FTP file server provided by GIPSA for e-mail, bulletin board, and file transfer functions. The FTP file server has been successfully installed and is being used in the NQDB pilot. The electronic mail and bulletin board systems will be implemented in the second quarter of FY 1999. The electronic mail system will be set up such that mail to and from the official agencies will reside on the same FGIS file server, guaranteeing instant delivery.

Pesticide Residue Testing

GIPSA continued to participate in the USDA Pesticide Data Program (PDP) in FY 1998. During the fiscal year, approximately 620 wheat and 460 soybean samples were analyzed. GIPSA will continue working with the Department's PDP and finish its work on soybeans and wheat and progress into work on oats.

Wheat Dockage

The official procedures for measuring wheat dockage require different methods depending on which types of dockage are present in wheat samples. GIPSA worked with ARS and Kansas State University researchers in fiscal years 1996, 1997, and 1998 to develop a new wheat dockage procedure that could be applied uniformly regardless of the types of dockage present. During FY 1999, GIPSA will further evaluate the developed method to assess the feasibility and market impact of changing to a uniform wheat dockage procedure. A uniform procedure may improve the consistency of results which will, in turn, reduce the marketing risk to buyer and seller, thereby promoting fairness and increased efficiency in the market.

Promoting Standardization

Canola Dockage Procedures GIPSA modified the procedure for determining dockage and conspicuous admixture for canola in an effort to improve inspection result consistency. Established procedures permitted the use of several different sieves to maximize the separation of weed seeds from canola when analyzing a canola sample. This procedure was intended to achieve maximum cleanout of weed seeds and similar foreign material with a minimum loss of canola. However, the procedural use of multiple sieves appeared to cause inconsistent inspection results and subsequent marketing difficulties. GIPSA, in consultation with members of the canola industry, modified the procedure to standardize to a single sieve size. Alternate sieve sizes still may be used upon request if the sieve size is reported on the inspection certificate.

DON Barley Study The infection of northern wheat and barley crops by fusarium fungi has been a continual problem since 1993. DON (also known as vomitoxin) is one of the milder toxins produced by fusarium species of fungi that flourish during rainy growing seasons. The fungus that produces DON can cause post-production and flavor problems in beer. Consequently, the market diverts barley contaminated with DON into feed channels rather than the brewing industry, which reduces the market value of the barley for producers.

After the 1997 harvest, producers in central North Dakota raised concerns about the high degree of variability in DON test results and the adverse economic impact of DON discounts on producers. In response to the concerns about variability, GIPSA participated in several outreach meetings to provide barley producers, grain handlers, and grain inspection quality control personnel with information about proper sampling and testing methodology.

To further address the sampling variability issue, GIPSA coordinated a cooperative study with North Dakota State University, the North Dakota Barley Council, North Dakota Grain Dealers Association, Neogen Corporation, Romer Labs, Grand Forks Grain Inspection, and ARS to determine if DON analysis variability could be reduced. The study was designed to evaluate how the method of sampling, the sample preparation process, and the analytical method each influenced the variability of DON results. The study, which concluded in June 1998, did not identify any single source of variation that would significantly reduce variability of DON measurements in an easy and cost-effective manner. Further, findings indicated that the variability is likely influenced by many sources in the DON measurement process, but could, overall, be attributed to the general state of the available technology for rapid testing of DON, which is somewhat limited but is constantly being improved. The market's demand for highly repeatable results may not be achieved with the current technology, but at this time, no better alternatives exist.

ISO 9002 Certification

The International Standards Organization (ISO) is comprised of the national standards institutes and organizations of 97 countries worldwide, including the American National Standards Institute (ANSI). ISO standards have been endorsed by the American Society of Quality, the European Standards Institute, and the Japanese Industrial Standards Committee and are becoming the *de facto* standard across industries worldwide. In FY 1998, GIPSA successfully obtained ISO 9002 certification for its moisture and protein reference laboratories. This certification enhances the international credibility of these laboratories. In FY 1999, GIPSA will explore expanding ISO certification to other laboratory operations.

**New Official
Moisture Meter**

In FY 1998, GIPSA developed inspection, calibration, and standardization processes for the new official moisture meter and, on August 1, 1998, implemented its use for all official corn, soybean, and sunflower seed determinations. In FY 1999, GIPSA will develop official calibrations for wheats, rices, and sorghum, and as many other grain types as possible. The new moisture meter will be used exclusively for these additional grain types beginning May 1, 1999. GIPSA will collect data to use in refining official calibrations for major grain types and developing official calibrations for other minor grains. In addition, GIPSA will continue to improve grain moisture meter calibration and standardization methods.

NIRT Standardization

In FY 1998, GIPSA implemented an improved way of standardizing near infrared transmission (NIRT) instruments used for official measurements of wheat protein; soybean protein and oil; and corn oil, protein, and starch. The new methods significantly reduced the cost and complexity of maintaining official NIRT-based services. In FY 1999, GIPSA plans to further refine these methods for existing NIRT-based measurements and new measurements. GIPSA also will investigate new calibration techniques that show potential for standardizing NIRT instrument calibrations for multiple grain types across North America, Europe, and Australia.

**NMR Sunflower Oil
Calibration Standards**

Traditionally the sunflowers grown for oil have been high-linoleic (polyunsaturated) varieties. NuSun is the name that has been given to the mid-range oleic (mono-unsaturated) sunflower oil now being produced for the domestic vegetable oil market. Oil from NuSun varieties is lower in saturated fat content and more acceptable for deep-fat frying operations than linoleic oil. Approximately 100,000 acres of NuSun hybrids were planted in 1998. Eventually, the majority of the oil sunflower acreage is expected to shift from traditional high-linoleic-type seed to mid-oleic varieties. GIPSA is working with the National Sunflower Association to ensure that accurate calibrations for predicting oil content of newer varieties are available to meet the market's needs.

Official United States Standards

Pea and Lentil Standards. Effective August 1, 1998, GIPSA revised the United States Standards for Whole Dry Peas, Split Peas, and Lentils. This revision incorporated the changes announced in the December 2, 1997, *Federal Register* (62 FR 6369). Specifically, the standards were revised to eliminate the classes Persian and Mixed lentils; establish a new class, Miscellaneous peas; and establish a new grading factor for lentils, "Inconspicuous Admixture."

Rye Standards. GIPSA published a final rule in the April 23, 1998, *Federal Register* (63 FR 20054) amending the United States Standards for Rye to certificate dockage to the nearest tenth of a percent instead of rounding dockage down to the nearest whole percent. This change will become effective June 1, 1999.

Oat Standards. GIPSA initiated a review of the United States Standards for Oats in FY 1997 to evaluate the need for change. After exploring the pros and cons of harmonizing oat inspection procedures with those of Canada, GIPSA determined that such harmonization would not be in the best interest of the U.S. oat industry. However, GIPSA determined that including hullless oats in the U.S. oat standards would benefit that segment of the market involved in hullless oat production and processing. GIPSA has prepared a proposed rule for publication in the *Federal Register* during FY 1999. GIPSA hopes to publish the final rule in FY 1999, with the standards becoming effective in FY 2000.

Sorghum Standards. GIPSA published an advance notice of proposed rulemaking in the August 14, 1998, *Federal Register* (63 FR 43641) to announce the review of the United States Standards for Sorghum. This notice invites comments and suggested changes to these standards. GIPSA is interested in any comments and/or suggestions concerning these standards, including those addressing sorghum classification and/or definition of sorghum, definition of broken kernels and foreign material, and the definition of damaged kernels. GIPSA plans to propose changes for comment during FY 1999.

Wheat Standards. In FY 1995, GIPSA initiated a study to determine if the wheat standards are current with respect to garlic tolerances. The study, which was conducted at the University of Illinois, was completed in FY 1998. The research recommended the following changes to the standards: (1) determine garlic on a dockage-free portion; (2) discontinue the differentiation between green and dry garlic bulblets; and (3) report all garlic on the inspection certificate as either a count or weight basis. GIPSA is preparing a proposed rule regarding the garlic tolerances in the wheat standards that will be published in the *Federal Register* during FY 1999.

**Quality Assurance\
Quality Control Activities**

In FY 1996, GIPSA began implementing an enhanced quality assurance and quality control program to ensure the accuracy of inspection results nationwide. GIPSA installed new custom quality control software and computers in all field offices during FY 1997. Each office was provided with individual assistance in implementing the new program.

During FY 1998, GIPSA hired a statistician to maintain the quality assurance/quality control program and provide creditable analysis of the results produced. A performance standard for inspection accuracy was developed and established as a measurement indicator in the Agency's annual performance plan. A mechanism also was developed to determine and track service delivery time at export facilities where GIPSA employees provide inspection service.

While minor enhancements will continue to be added to the program in future years, GIPSA considers the development and implementation of this program completed.

**Standardizing Commercial
Grain Inspection Equipment**

In FY 1998, the Agency continued to participate in the cooperative effort among GIPSA, the National Institute of Standards and Technology (NIST), and the National Conference on Weights and Measures to standardize commercial grain inspection equipment as part of the National Type Evaluation Program (NTEP). GIPSA serves as the sole NTEP laboratory for grain inspection equipment. The calibration data collected during fiscal years 1995, 1996, and 1997 were used as the basis for numerous grain moisture meter calibration changes to improve the accuracy and consistency of commercial grain moisture measurements. In FY 1999, GIPSA plans to continue to support NTEP as a laboratory for testing grain moisture meters.

**Wheat Protein
Calibration Updates**

In May 1998, GIPSA implemented an updated Hard White wheat protein calibration for official near-infrared transmittance (NIRT) instruments, and began a gradual, system-wide implementation of an updated Durum wheat calibration. The latter was fully implemented by July 1, 1998. GIPSA routinely monitors the performance of its NIRT calibrations and periodically updates them to maintain the "robustness" of the calibration and to ensure reliable predictions of protein content. Calibrations are designed to achieve optimum agreement between NIRT instruments and the standard reference method, combustion nitrogen analysis.

**Summary of Activities
Involving International
Travel in Fiscal Year 1998**

Purpose	No. of Travelers	Country Visited	Dates of Visit
1. To share information with representatives of the Canadian Grain Commission on our respective pea and lentil standards.	2	Canada	10/6-10/7/97
2. To attend the Fifth Annual NAEGA-APPAMEX Trade Forum.	1	Mexico	10/30-11/2/97
3. To give a presentation on the future of grain inspection to the Canadian Grain Commission.	1	Canada	10/29-10/31/97
4. To investigate a wheat quality discrepancy, at the request of the exporter.	1	Jordan	10/31-11/4/97
5. To participate in a grain storage and mycotoxin seminar, at the request of U.S. Grains Council.	1	Peru	11/17-11/20/97
6. To make a presentation at an international conference on fruits, vegetables, and grain standards, at the request of the Brazilian Ministry of Agriculture.	1	Brazil	11/29-12/4/97
7. To represent GIPSA as part of a team investigating a marine cargo claim, at the request of the Farm Service Agency.	1	Ethiopia/ Eritrea	12/2-12/18/97
8. To give a presentation at a rice marketing seminar, at the request of the USA Rice Federation.	1	Honduras	1/28-1/30/98
9. To give a presentation at a grain marketing seminar, at the request of U.S. Grains Council.	1	Colombia/ Dominican Republic	2/1-2/7/98
<i>continued</i>			

Purpose	No. of Travelers	Country Visited	Dates of Visit
10. To represent GIPSA on a USDA team to discuss India's current wheat import restrictions.	1	India	2/7-2/12/98
11. To obtain official samples from a U.S. rice shipment, at the request of the exporter.	1	Sweden	2/21-2/27/98
12. To give a presentation at a Soybean Oil Crushing and Refining Seminar, at the request of the American Soybean Association.	1	Mexico	3/16-3/20/98
13. To participate in the Third International Symposium of Humidity and Moisture.	1	United Kingdom	4/3-4/8/98
14. To represent GIPSA as part of a cooperative project to assist Ukrainian agribusinesses and government officials in reviewing commodity standards.	1	Ukraine	4/19-4/30/98
15. To participate in the First International Conference and Exhibition on Grain, Flour, and Processed Products Quality sponsored by the International Association for Cereal Science and Technology, AACC International, and U.S. Wheat Associates.	1	Russia	5/3-5/8/98
16. To represent GIPSA on a USDA team to discuss India's current wheat import restrictions.	1	India	5/8-5/16/98
17. To update and inspect computer equipment at GIPSA's Montreal Field Office.	1	Canada	5/25-5/29/98
18. To participate in the Second Biennial North African Grain and Soya Marketing Conference, at the request of U.S. Grains Council.	1	Spain	5/25-5/30/98
<i>continued</i>			

Purpose	No. of Travelers	Country Visited	Dates of Visit
19. To participate in a grain grading seminar in conjunction with the Chicago Board of Trade, at the request of U.S. Grains Council.	1	Venezuela	6/8-6/11/98
20. To participate in the 32nd International Grain Industry Program, at the request of the Canadian International Grains Institute.	1	Canada	6/9-6/11/98
21. To conduct a seminar on grain quality certification, at the request of the Mexican association of grain importers.	1	Mexico	7/6-7/8/98
22. To address the Fed Beef Competition and open the preliminary round of the International Livestock Auctioneer's Championship, at the request of the Alberta Livestock Dealers' and Order Buyers' Association.	2	Canada	7/8-7/12/98

Briefings with Visiting Trade and Governmental Teams

GIPSA personnel frequently meet with delegations visiting from other countries to brief them on the U.S. grain marketing system, the national inspection and weighing system, U.S. grain standards, and GIPSA's mission. Many of these delegations are sponsored by USDA cooperator organizations like U.S. Wheat Associates and U.S. Feed Grains Council, which arrange visits to grain production areas, GIPSA field offices, onsite laboratories at export grain elevators, and the Agency's Technical Center in Kansas City, MO. At the Technical Center, delegations sometimes receive technical training on analytical testing procedures and grain inspection methods and procedures.

Briefings are tailored to address each group's interests and concerns. Presentations include explanations of the various services available from GIPSA, the Agency's use of the latest technology to provide grain traders with accurate and reliable inspection and weighing information, and, for importers or potential importers new to the U.S. grain market, information on contracting for the quality they desire.

These briefings foster a better understanding of the U.S. grain marketing system and the official U.S. grain standards and the national inspection system, and enhance purchasers' confidence in U.S. grain.

In FY 1998, GIPSA representatives met with 68 teams from 49 countries, as shown below. Some countries were represented on several different teams.

**Summary of Briefings with
Visiting Trade and
Governmental Teams in
Fiscal Year 1998**

Algeria	Korea
Argentina	Malaysia
Armenia	Mexico
Australia	New Zealand
Bangladesh	Nicaragua
Belgium	Northern Ireland
Brazil	Pakistan
Bulgaria	Panama
Chile	Peru
China	Philippines
Colombia	Poland
Costa Rica	Portugal
Cyprus	Saudi Arabia
Egypt	Senegal
El Salvador	South Africa
France	South Korea
Great Britain	Switzerland
Grenada	Taiwan
Guatemala	Tanzania
India	Thailand
Indonesia	Tunisia
Israel	Turkey
Japan	Ukraine
	United Arab Emirates

Providing Official Inspection and Weighing Services

Automated Grain Handling and Weighing

GIPSA continues to assist major export elevators in their ongoing efforts to integrate automation into official weighing and grain handling operations. Five fully automated weighing systems have been approved; one system is undergoing its final testing; four systems have been installed and are being tested; and one system has been cleared for installation. Inquiries from elevators regarding automation initiatives continue to be submitted for review. Instructions continue to be revised to keep pace with state of the art automation.

An automated weighing system, by monitoring grain flow constantly and keeping a detailed log of elevator operation, allows GIPSA to achieve superior supervision of weighing and grain flow, and improves an elevator's efficiency.

Kamut Inspection Procedures

GIPSA established uniform inspection procedures for the analysis of Kamut seed. Kamut, an organically grown wheat-like grain that can be consumed by those allergic to wheat, was first introduced to the health food market in 1988 and use of it has grown steadily since that time. Producers of Kamut were interested in receiving Federal crop insurance coverage for their commodity; however, Federal crop insurance was not available because Federal inspection procedures were not established. To assist producers in obtaining crop insurance coverage, GIPSA worked with Federal Crop Insurance Corporation representatives to develop and publish Federal inspection procedures for Kamut. GIPSA implemented these procedures on April 15, 1998, as a service provided under the Agricultural Marketing Act of 1946 (AMA).

Wheat Protein Analysis

During FY 1998, GIPSA evaluated the need for increased flexibility in the certification of wheat protein. Specifically, GIPSA evaluated the need to certify wheat protein on a moisture basis other than the fixed 12 percent moisture basis. GIPSA found that some foreign buyers of U.S. wheat specify a moisture basis other than 12 percent for their contracts. Consequently, these buyers cannot receive wheat protein certification from GIPSA. To remedy this situation, GIPSA will prepare a notice to the *Federal Register* announcing its intent to offer certification on the 12 percent moisture basis and one other moisture basis specified by the applicant. This flexibility will allow GIPSA the opportunity to test wheat protein for all U.S. wheat buyers. The notice is scheduled for publication during FY 1999.

Grain Transportation

During FY 1998, GIPSA extensively monitored the railroad congestion problem as it related to grain movements. GIPSA worked closely with the Agricultural Marketing Service's Transportation and Marketing Division in collecting and disseminating situation updates. As the transportation problems increased the amount of grain stored on the ground, GIPSA also closely monitored the quality and condition of the grain. Weekly information prepared by GIPSA was shared with the industry through Departmental presentations and in testimony presented during Surface Transportation Board hearings and Senate/House subcommittee hearings. Two GIPSA representatives also served on the Secretary of Agriculture's joint USDA/Surface Transportation Board Grain Logistics Task Force working group. Their grain market knowledge was used to develop approaches for coordinating grain transportation and grain market needs. In addition to the rail transportation issues, GIPSA also monitored the daily effects of the Pilots Agree Union strike on grain shipments via barge along the Mississippi River and its major tributaries.

Stowage Examination Procedures

During FY 1998, GIPSA reviewed railcar and barge stowage examination procedures and criteria to identify changes which could promote enhanced safety, efficiency, reliability, and uniformity. In consultation with the National Grain and Feed Association, the North American Export Grain Association, and the American Association of Grain Inspection and Weighing Agencies, GIPSA identified immediate changes which were implemented on September 1, 1998. These changes included conducting barge inspections from the deck of the barge and allowing additional residual grain provided the grain is the same kind to be loaded and the residual grain is not out of condition.

Customer Outreach

To demonstrate GIPSA's ongoing commitment to providing market-oriented inspection and weighing services, a nationwide outreach program was completed in FY 1998 that encouraged and facilitated GIPSA field office/official agency communication with the U.S. agricultural community. Agency representatives conducted group and private meetings with field office/official agency managers and grain/rice processors, handlers, and processors throughout the United States to promote the official system, demonstrate the Department's commitment to U.S. agriculture, and explore better ways to serve producers, handlers, and processors.

Quality Audits

In March 1997, the Farm Service Agency (FSA) initiated a pilot program to evaluate the use of "Total Quality System Audits" (TQSA) to assure the quality of processed commodities. TQSA uses combined features from the ISO, Hazard Analysis Critical Control Point (HACCP), and Quality Control Analysis (QCA) systems. It is a quality concept that focuses on quality in the actual manufacturing process.

The primary concept is that the manufacturer, not the Government, is responsible for ensuring quality control and contract compliance. A successful evaluation of the TQSA pilot program led to GIPSA's implementation of a "Total Quality Systems Audit" training program during FY 1998. The FSA-sponsored training included a 36-hour ISO 9000 lead assessor course given by the Auditor Training Institute, Inc.; and onsite practice audits of FSA's suppliers. A 6-month TQSA phase-in of corn product suppliers began in September 1998. Suppliers will operate under both end-item inspection procedures and TQSA guidelines during this interim trial period. As the corn products phase moves toward implementation, another phase of auditor training will begin. Other suppliers are planned for inclusion in the TQSA program, provided the test is successful for corn product suppliers.

Railroad Track Scale Testing Program

GIPSA's involvement in testing railroad track scales was mandated by the USGSA, which required GIPSA to provide for the testing of all equipment used in the official weighing program. In 1990 legislation, GIPSA was authorized to use their equipment to test commercial scales, thereby helping the railroad industry accomplish routine testing of many commercial track scales. The equipment GIPSA uses for these services is unique. The test weight standards, which are held to a tolerance several times more precise than the tolerance allowed for such commercial equipment, are contained in three special railcars owned by GIPSA. The three cars move across the country to meet an ever-increasing demand for the specialized testing services that GIPSA provides.

In FY 1996, GIPSA responded to increasing requests for service by expanding the program to testing scales on a cost recovery basis. The first service agreement to test 54 scales was signed by the Norfolk Southern Corporation (NSC) in 1996. In FY 1999, GIPSA tested 112 NSC scales.

A growing number of railroads are availing themselves of this unique testing service which GIPSA runs on a user-fee basis. Due to downsizing and restructuring in the railroad industry, GIPSA anticipates continued growth in this program as many railroads move away from testing their own equipment and move towards contractual testing arrangements with GIPSA as an impartial, third-party railroad track scale testing expert.

**Inspection Program Data
Fiscal Years 1996-98**

Item	Fiscal Years		
	1996	1997	1998
Quantity of Grain Produced ¹ (Mmt) ²	335.6	401.7	415.3
Quantity of Grain Officially Inspected (Mmt)			
Domestic	134.7	124.0	121.6
Export by GIPSA	86.5	73.8	71.7
by Delegated States/Official Agencies	<u>28.1</u>	<u>27.5</u>	<u>21.4</u>
Total	249.3	225.3	214.7
Delegated States/Official Agencies			
Delegated and Designated States	8	8	8
Designated States	9	8	7
Private Agencies	<u>48</u>	<u>49</u>	<u>47</u>
Total	66	65	62
State AMA Agreements	16	15	14
Number of Official Original Inspections and Reinspections			
GIPSA	158,055	125,292	122,325
Delegated States/Official Agencies	<u>2,144,073</u>	<u>1,935,050</u>	<u>1,830,730</u>
Total	2,302,128	2,060,342	1,953,055
<i>(continued)</i>			

¹ Source: USDA Crop Production Reports.

² Million metric tons.

Item	Fiscal Years		
	1996	1997	1998
Number of Grain Inspection Appeals			
Field Offices	6,706	3,140	3,443
Board of Appeals and Review	1,006	683	351
Number of Commercial Inspections			
GIPSA	1,889	545	1,474
Delegated States/Official Agencies	<u>286,076</u>	<u>322,953</u>	<u>380,146</u>
Total	287,965	323,498	381,620
Number of Wheat Protein Inspections			
GIPSA	60,679	35,218	38,210
Delegated States/Official Agencies	<u>490,699</u>	<u>415,661</u>	<u>436,202</u>
Total	551,378	450,879	474,412
Number of Soybean Protein and Oil Inspections			
GIPSA	15,919	16,379	15,855
Delegated States/Official Agencies	<u>3,442</u>	<u>4,157</u>	<u>5,424</u>
Total	19,361	20,536	21,279
Number of Aflatoxin Inspections	68,419	62,582	54,923
Number of Vomitoxin Inspections	46,240	21,109	16,549
Quantity of Rice Inspected (Mmt) (milled basis)	3.8	3.5	3.9

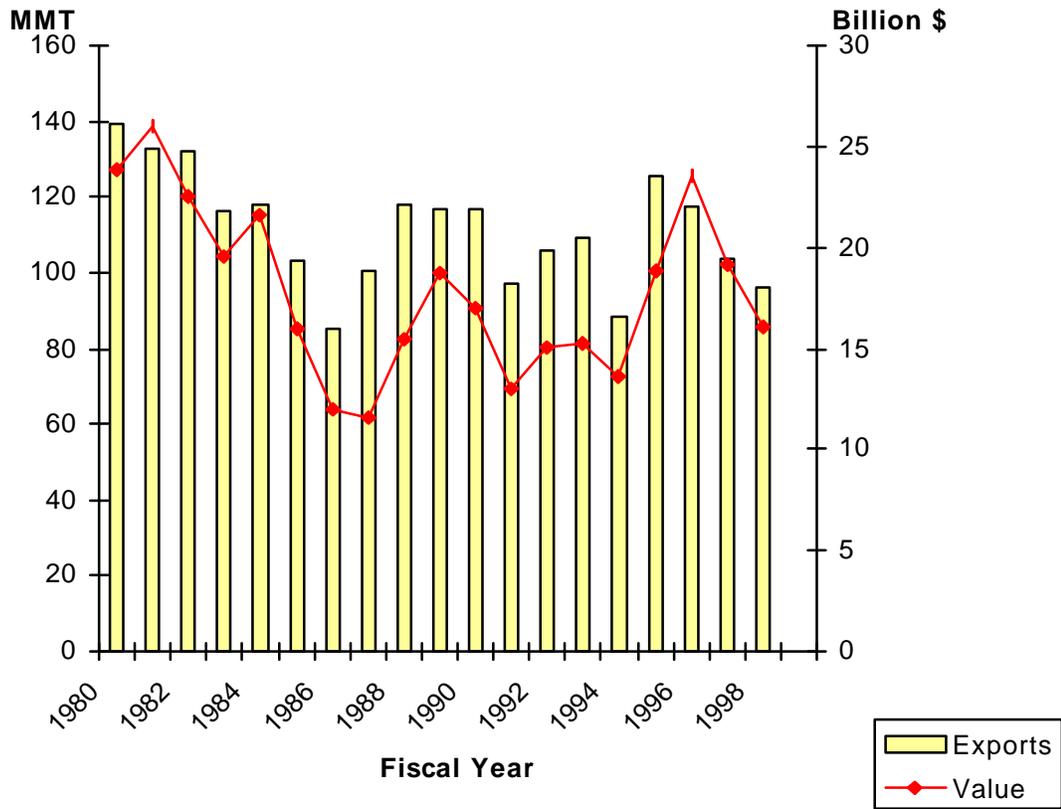
Weighing Program Data
Fiscal Years 1996-98

Item			
	1996	1997	1998
Official Weight Certificates Issued			
GIPSA			
Class X ¹	102,328	76,454	70,733
Class Y ²	<u>15,820</u>	<u>11,978</u>	<u>8,412</u>
Total	118,148	88,432	79,145
Delegated States/Official Agencies			
Class X ¹	28,472	21,777	17,480
Class Y ²	<u>141,706</u>	<u>144,498</u>	<u>116,052</u>
Total	170,178	166,275	133,532
Exported Grain Weighed (Mmt)			
GIPSA	86.4	73.8	71.7
Delegated States	<u>24.8</u>	<u>23.7</u>	<u>17.4</u>
Total	111.2	97.5	89.1
Number of Certified Scales in Service			
Export Elevators	272	253	256
Number of Railroad Track Scales Tested	110	136	155

¹ Class X weighing involves 100 percent supervision.

² Class Y weighing involves a minimum of 25 percent supervision.

U.S. Grain, Oilseed, and Rice Exports: Volume and Value



So

ources: FGIS Export Grain Inspection System and the USDA Economic Research Service

Domestic Inspections/Grain Supply

Domestic rice inspections/supply

Export grain inspections/supply

Volume of export grain by port area

Protecting Integrity

Compliance Reviews

Compliance reviews are independent third-party reviews of GIPSA field office circuits. During FY 1998, GIPSA personnel conducted compliance reviews of 4 GIPSA field offices and 3 suboffices, and 33 States and private agencies (official agencies) delegated for export or designated to provide domestic services. Review teams evaluated customer satisfaction (including potential service delivery discrimination), management effectiveness, and procedural compliance. GIPSA found no instances of service delivery discrimination, but it did find various noncompliance and procedural problems within the official grain inspection and weighing system that have been or are being corrected. None of these findings appear to have affected the overall integrity of GIPSA's programs, the inspection system, or GIPSA's mission. Overall, field offices and official agencies are performing satisfactorily, thus meeting GIPSA's mission.

Delegation and Designation Program

State and private agencies (official agencies) are designated under the U.S. Grain Standards Act, as amended, to provide permissive official inspection and/or weighing services at domestic locations. In FY 1998, there were 62 official agencies, three fewer than FY 1997's total of 65. In FY 1998, two agencies voluntarily canceled their designations as a result of their merging operations with other agencies; one of the eight States delegated to provide mandatory official inspection and weighing services at export locations canceled its delegation due to lack of business. Delegations are permanent unless GIPSA or the State decides to terminate the agreement; designations terminate every 3 years.

Under the triennial renewal process, 24 official agency designations automatically terminated in FY 1998. Of the 24, GIPSA renewed 22 for full 3-year terms after reviewing each agency's performance. The other two were granted a 1-year provisional designation to allow them to correct problems found in their operations. One of these agencies voluntarily canceled its designation when it sold its business to another private inspection agency; GIPSA is working with the second agency to resolve its problems.

One private agency's designation was voluntarily canceled when its corporate stock was purchased by, and operations merged with, another private agency.

New York State's designation was voluntarily canceled due to a lack of official inspection business. GIPSA's Baltimore Field Office now provides any needed services to the agency's former customers.

Pilot Programs

In FY 1998, GIPSA continued two previously established pilot programs to gather information on the effect of allowing more than one designated official agency to inspect or weigh grain in a single area. The first pilot program addresses improving timeliness of service provided to facilities from official agencies. The program allows official agencies to provide services to facilities located outside of their assigned area on a case-by-case basis, when official services could not be provided within established time frames. During FY 1998, 5 facilities received 10 inspections. All were for barge or railcar movements.

The second pilot program established criteria for an “open season” during which official agencies could offer their services to facilities outside their assigned area if no official services had been provided there during the previous 3 months. During FY 1998, 40 facilities received 10,469 inspections -- 9,717 were railcar movements and 752 were barges.

In response to requests from the trade for additional flexibility in obtaining service from alternate providers, GIPSA also implemented a new pilot program in FY 1998 that allows customers shipping grain in barges to select any official agency to probe-sample and inspect the grain. During FY 1998, 8 facilities received 17 barge inspections.

All of these pilot programs will be in effect until September 30, 2000.

AMA Program

GIPSA administers a program of cooperative and reimbursable commodity inspection service agreements with States under the AMA. Twelve States with delegation or designation agreements also participate in this program. In addition, 2 States that do not provide grain inspection services provide commodity services. AMA agreements are permanent unless GIPSA or the State decides to terminate the agreement.

Drug-Free Workplace Certification

GIPSA re-certifies that each designated official agency provides a drug-free workplace as it becomes eligible for designation renewal.

Conflicts of Interest

At the beginning of FY 1998, there were five designated official agencies (private) which had been granted discretionary conflict-of-interest waivers. Four of the five agencies operated without significant problems. One of the agencies was found to have repeated noncompliances, a lack of management direction, and the inability to understand and resolve its conflict of interest. As a result, its designation was not renewed.

One of the four remaining agencies also purchased the stock of the corporation of another private agency and merged its operations in order to provide better service to the trade. The designation of the purchased agency was then canceled.

The operations manager of one of the agencies was indicted for embezzling funds from the agency. The official agency is initiating appropriate action to address this situation.

Alleged Violations and Case Activity

At the beginning of FY 1998, 14 cases involving alleged violations of the USGSA and the AMA were pending further action. During FY 1998, GIPSA personnel opened 15 cases (14 alleged violations and 1 inquiry) and closed 15 cases, leaving 14 cases pending. Some examples of alleged violations included: deceptive loading, improper grain handling practices, adding non-grain substances to grain (adulteration), altering official certificates, issuing false official certificates, misuse of official certificates, exporting grain without official inspection, attempted bribery, accepting gratuities, assault of official personnel, performing official duties improperly, and employee misconduct.

FGIS personnel investigated 12 violation reports, with 5 reports requiring onsite evaluations, and the USDA's Office of Inspector General (OIG) reviewed 3 cases. GIPSA referred three employee misconduct cases to another USDA agency for evaluation and addressed the remaining cases by reviewing information received from its field personnel.

FGIS took administrative action in 8 of the 15 cases closed during FY 1998. These actions included a \$24,000 civil penalty and four cautionary letters to various grain firms, official agencies, and licensed personnel. GIPSA managers initiated various personnel actions to address three cases; and seven cases were closed due to insufficient evidence to prove a violation.

Moreover, during FY 1998, OIG and the Justice Department pursued criminal action in two investigations involving false weighing and falsification of grain weight certificates. One defendant pled guilty to a misdemeanor violation and received 2 years' probation and a \$500 fine. The U.S. Attorney's Office anticipates receiving additional guilty pleas from other defendants in these cases and possible convictions.

Registration Program

During calendar year 1998, GIPSA issued 80 Certificates of Registration to firms that exported grain from the United States.

Administrative Claim

In FY 1998, the Senior Judge, U.S. District Court for the District of Montana, ruled on the wheat protein lawsuit filed by farmers and elevator operators from Montana and South and North Dakota (Gollenhon Farming et al. V. United States). The judge ordered that the defendant's Motion to Dismiss be granted. In brief, the judge dismissed all claims of the plaintiff farmers in their entirety. The judge also dismissed all claims by the plaintiff grain elevators except two claims that the U.S. Attorney's Motion to Dismiss did not address. The U.S. Attorney intends to address these two remaining claims through further briefs or attempts to persuade the plaintiff's attorneys to drop them.

Complaints from Importers

USDA administers a formal grain quality and weight discrepancy process administered under the regulations of the Foreign Agricultural Service. If an importer of U.S. grains files a complaint under this process, GIPSA analyzes samples retained on file from the original inspection, as well as samples submitted from destination, if the buyer chooses to submit them, to evaluate whether the discrepancy was due to differences in samples, procedures, or an actual change in quality from the time of the original inspection.

The process verifies that the original inspection and weighing service provided at the time of loading was correct, based on all available information. If GIPSA identifies the source of a discrepancy, the Agency issues a report outlining its findings and providing suggestions to avoid similar discrepancies in the future.

Occasionally, a particular buyer or importing country reports repeated discrepancies that cannot be resolved by a shipment-by-shipment review under this process. In such cases, GIPSA may conduct collaborative sample studies or joint monitoring activities to address the discrepancy in a more comprehensive manner.

In FY 1998, GIPSA received 1 quantity and 14 quality complaints from importers on grains inspected under the U.S. Grain Standards Act, as amended. Complaints involved 24 lots loaded aboard 17 vessels.

Importers' complaints in FY 1998 involved 414,755 metric tons, or about 0.4 percent, by weight, of the total amount of grain exported during the year. The 19 quality and 4 quantity complaints GIPSA received in FY 1997 represented approximately 0.5 percent of the total tonnage of grain exports.

**Summary of Complaints
Reported by Importers on
Inspection and Weighing
Fiscal Year 1998**

Complainant	Grain	Number of Complaints	Nature of Complaint
Africa and Middle East			
Algeria	Wheat	1	Infestation
Egypt	Corn	1	Moisture, damaged kernels, heating
	Wheat	1	Wheat of other classes
Jordan	Wheat	1	Infestation
Asia			
North Korea	Corn	1	Moisture, damaged kernels, heating
Philippines	Wheat	1	Protein
Europe			
Israel	Corn	1	Moisture, damaged kernels, heating, odor
Malta	Corn	1	Moisture, damaged kernels, heating, odor
<i>(continued)</i>			

Complainant	Grain	Number of Complaints	Nature of Complaint
Latin America and the Caribbean			
Colombia	Wheat	1	Test weight, shrunken and broken kernels
Dominican Republic	Corn	1	Moisture
Trinidad & Tobago	Corn	1	Broken corn and foreign material
	Wheat	1	Wheat of other classes
Venezuela	Wheat	2	Hard, vitreous kernels
	Wheat	1	Weight
TOTAL		15	

Management Initiatives



Management Initiatives

Civil Rights/Equal Employment Opportunity

Approximately 1 year ago, U.S. Department of Agriculture (USDA) initiated an effort to change and improve the way we do business; and to ensure that every employee and customer is treated fairly, equitably, with dignity and respect. The Secretary of Agriculture established the USDA Civil Rights Action Team (CRAT) to evaluate civil rights issues and to make strong recommendations for change. The CRAT was charged with developing recommendations to address institutional and underlying problems and to ensure accountability and followup during implementation of the recommendations. The team developed and issued a report containing 92 recommendations for change in addressing civil rights at USDA.

GIPSA is committed to supporting the Secretary in improving all areas of Civil Rights at USDA. In accordance with and in support of the CRAT's recommendations, GIPSA has taken the following actions:

- Established an Office of Civil Rights that reports directly to the Administrator and which is responsible for all areas of civil rights, including: affirmative employment/special emphasis; compliance (Title VI and Title VII); program delivery and outreach; complaints management/Equal Employment Opportunity (EEO) counseling/mediation; Title IX educational initiatives (Historically Black Colleges and Universities/Hispanic American Colleges and Universities/Tribal/1890 Initiatives); and conflict management.
- Reissued GIPSA's Civil Rights Policy Statement to adopt the Secretary's zero tolerance policy for reprisal by managers and supervisors.
- Established an agencywide EEO Advisory Committee which is comprised of a cross section of Agency employees and reports directly to the Administrator. The committee is charged with addressing EEO issues and concerns of Agency employees and with making recommendations for improvement.
- Established an EEO Special Emphasis Program for the six program areas recognized by the Equal Employment Opportunity Commission.
- Established an outreach liaison to ensure that all employees and customers are treated fairly and equitably, and with dignity and respect.
- Presented Module 1 of the USDA mandatory civil rights training to all employees, managers, and supervisors in GIPSA.

- Reaffirmed a commitment to holding managers and supervisors accountable for maintaining a work environment wherein employees and customers are treated fairly and equitably, and with dignity and respect.
- Conducted an agencywide All-Employee Town Hall Meeting that focused on civil rights issues and concerns.
- Strengthened GIPSA's support for educational initiatives, Land Grant and other minority institutions, and the USDA summer intern program. GIPSA supported 4 students under the USDA-established, 4-year National Scholarship Program for students to study agriculture, and related subjects at 1890 Institutions. This program provides employment opportunities for the students upon graduation. The Agency also supported a Hispanic student under an internal scholarship program similar to the USDA/1890 Scholarship. In addition, GIPSA provided summer employment opportunities for four college students in the USDA Summer Intern Program. The students participated in a variety of programs, including the Washington, D.C. Federal Jobs Initiative, Workforce Recruitment Program for College Students with Disabilities, and Hispanic Association of Colleges and Universities (HACU). Finally, GIPSA provided increased support for the college recruitment initiative Ag-HOPE, Agriculture Helps Our People Earn, at Alcorn State University, Lorman, Mississippi. This program includes a 6-week work study program designed to attract students into the field of agriculture.
- Supported the USDA Excess Federal Property Program by providing usable excess equipment to 1890, 1862, and 1994 Land Grant Institutions and Hispanic Association of Colleges and Universities.

GIPSA also is a member of the USDA Hispanic Advisory Council (HAC), which is charged with providing recommendations to the Secretary for increasing employment opportunities for Hispanics in USDA. As part of this effort, GIPSA provides leadership on two important HAC work groups. The Education and Research group is identifying means of increasing Hispanic participation in USDA's partnering activities and assisting the Hispanic community in attaining education excellence. The Forum for Best Business Practices initiated an employee feedback system that is designed to inform the Secretary about positive issues and actions impacting USDA employees and programs.

These are only some of the steps GIPSA has taken in the EEO/CR area. The U.S. Department of Agriculture has made Civil Rights a major priority and GIPSA is completely committed to supporting the Department's efforts.

Union/Management Relations During FY 1998, GIPSA and the National Council of Federal Grain Inspection Locals worked to improve their relationship by continuing to bilaterally address issues facing the Agency and the work force, and by seeking predecisional involvement. This effort has resulted in a number of agreements on a variety of issues of mutual concern such as instituting a conflict resolution and prevention program, and the use of panels to examine allegation of reprisals against employees for utilizing the EEO complaint process.

Small Farms Outreach The challenges faced by small farmers in today's changing market and policy environments prompted GIPSA to reevaluate its efforts to address the concerns of small and mid-sized farmers. While the Agency's programs benefit farms of all sizes, we are taking steps to ensure that all of our activities are sensitive to the particular needs of small farms.

GIPSA established a toll-free hotline, reorganized Packers and Stockyards Programs, and requested, and received, appropriated funds to add economic, statistical, and legal expertise to pursue investigations of packer concentration and poultry concerns. These efforts will increase customer awareness and involvement in our services. Peer review of investigations, expansion of round-table discussions, and expanded use of information technology will provide small farmers access to and input into GIPSA's regulatory process. Stakeholder involvement in and feedback on our initiatives is essential to our goal of recognizing the small farmer as a priority constituent.

GPRA In accordance with the Government Performance and Results Act of 1993 (GPRA) and the Agency's continuing commitment to improving the efficiency and effectiveness of its programs and services, GIPSA prepared annual performance plans in conjunction with the FY 1999 and 2000 budgeting cycles.

As part of its planning process, GIPSA continues to develop meaningful measurements of the beneficial impact of its regulatory programs on livestock producers. Past measurements of numbers of investigations have not adequately measured program effectiveness. While it is difficult in a regulatory program to develop performance measures, procedures have been established to track the time from start to finish for completing investigations and to assess a dollar value to producers resulting from preventing and correcting violations of the P&S Act. A baseline for these measurements will be established using FY 1998 data. The goal is to improve our ability to manage our programs and services and articulate their benefits to our customers and the American public at large.

In the grain program, GIPSA's performance measures gauge progress toward: maintaining the technical reliability of current testing methodology; introducing new or improved methods to meet changing market needs; maintaining the statistical accuracy of inspection results; maintaining per unit costs of the program's services; and investigating domestic and international complaints and reported violations.

Overall, it is GIPSA's goal to promote and protect the integrity of the domestic and international marketing of U.S. grain for the benefit of American agriculture.

Workforce Planning

It is GIPSA's policy to institute a continuing and dynamic workforce planning process to ensure that the Agency has people with the needed skills at the right place and time to meet the Agency's strategic goals and objectives. In FY 1998, GIPSA began this process by establishing a workforce planning team. The team, comprised of a cross-section of the Agency's employees, is charged with developing an interim FY 1999 workforce plan, as well as a more comprehensive FY 1999-2004 plan. Updates on both plans as well as the Agency's progress will be provided in subsequent years.

Year 2000 (Y2K)

When January 1, 2000, arrives, the information systems and computer applications for GIPSA will be "Year 2000 (Y2K) compliant." The Y2K challenge has generated a sense of urgency ensuring that everything that includes a computer or embedded chip in it will read the dawn of the new millennium at "2000" and not "1900 ." GIPSA has taken a strong, proactive approach in meeting the challenges of resolving the Y2K problem both in-house and with the customers we serve.

Internally, we are assessing, renovating, validating, and finally, implementing Y2K-compliant systems.

The Agency also is developing a Year-2000 Business Continuity and Contingency Plan (BCCP), a contingency plan in the event of uncontrollable Y2K failures. Specifically, the BCCP identifies risks and threats, establishes mitigation strategies for those risks and threats, and provides contingency plans in the event risk mitigation efforts fail. Efforts to continue enhancements to the BCCP will continue into 1999 to ensure that GIPSA continues to provide uninterrupted service to our customers.

In addition, GIPSA is continuing with an outreach effort to our customers to help ensure that American agriculture successfully achieves Y2K readiness. In FY 1998, GIPSA held a "Year-2000 Industry Outreach Meeting" with industry leaders to share general Y2K information, including GIPSA's Year-2000 Tool Kit, and to remind them to assess and repair their own potential Y2K problems, so that there are no costly, or even catastrophic, business disruptions on January 1, 2000.

Preventing Adverse Actions

During FY 1998, GIPSA undertook several initiatives to isolate employees from adverse actions, such as reductions-in-force and furloughs. While the export elevator in Beaumont, Texas, was closed for major renovation, GIPSA placed employees assigned to this facility on temporary duty with the Animal and Plant Health Inspection Service (APHIS), thus eliminating the need for furloughs. Employees from other offices where workload had declined to the point where reduction-in-force or furlough actions were needed also were detailed to APHIS to assist with Mediterranean fruit fly control efforts. Finally, GIPSA coordinated efforts with APHIS to provide GIPSA employees with information regarding

employment opportunities with APHIS, thereby allowing them the opportunity to enter a more secure employment situation.

Explosion Data

GIPSA receives information on grain dust explosions through the cooperation of universities, insurers, trade groups, GIPSA personnel, and a news clipping service. GIPSA does not investigate grain dust explosions, and the public sector is not required to report explosions to GIPSA.

Summary of Reported Grain Dust Explosions, Fiscal Years 1994-98

	1994	1995	1996	1997	1998
Number of Explosions	19	12	16	16	18
Number of Injuries	27	6	26	14	21
Number of Deaths	1	2	1	1	7

**Summary of Reported
Grain Dust Explosions,
Fiscal Year 1998**

Facility	Location	Date	Injuries	Fatalities
Honeymead Products	Mankato, MN	10/20/97	0	0
Sutton Coop Grain Co.	Sutton, NE	12/05/97	0	0
Cenex Farmers Coop	Readlyn, IA	12/29/97	0	0
International Ingredients	Cedar Rapids, IA	12/31/97	0	0
Archer Daniels Midland	Decatur, IL	01/10/98	5	0
United Coop	Harris, KS	02/26/98	0	0
Geary Grain Co.	Junction City, MO	04/09/98	0	0
Pendleton Grain	Island City, OR	04/21/98	0	0
Rich's	Murfreesboro, TN	05/17/98	2	0
Eastern Farmers Coop	Hartford, SD	06/04/98	0	0
DeBruce Grain Inc.	Haysville, KS	06/08/98	10	7
Doane Grain Services	Plainview, MN	06/12/98	0	0
Consolidated Grain & Barge	Cincinnati, OH	07/02/98	0	0
Cessna Aircraft Co.	Wichita, KS	07/07/98	1	0
Farmers Grain Terminal	Greenville, MS	07/10/98	0	0
Terre Haute Grain	Terre Haute, IN	07/16/98	0	0
Farmers Elevator Co.	Buffalo Lake, MN	08/20/98	2	0
Imperial Holly Sugar Co.	Sugarland, TX	08/28/98	1	0

Financial Overview



Financial Overview

Inspection and Weighing Fees

Effective July 1, 1998, GIPSA increased by approximately 2.9 percent its hourly rates and certain unit rates on tests performed at other than an applicant's facility for user fees charged for official inspection and weighing of grain (63 *Federal Register* 32713). The increase was designed to generate additional revenue required to recover operational costs created by mandated cost-of-living increases to Federal salaries.

Rice Inspection Fees

Effective January 1, 1998, GIPSA increased its fees for Federal Rice Inspection Services (61 *Federal Register* 34714). This fee increase was intended to cover the projected operating costs and to generate sufficient revenues to maintain an appropriate operating reserve.

Supplemental Appropriation

In FY 1998, the decline in U.S. grain exports, caused in part by the Asian financial crisis and a strong U.S. dollar, significantly impacted GIPSA's user fee inspection programs. GIPSA requested and received a supplemental appropriation of \$1.5 million to recapitalize the revolving fund to accommodate losses in fiscal year 1998 and to ensure that the reserve has sufficient funds to carry out the provisions of the U.S. Grain Standards Act and Agricultural Marketing Act.

**Status of GIPSA Fee-Supported Accounts
Fiscal Year 1998**

Program	Revenue 9/30/98	Obligations 9/30/98	Profit/(Loss) 9/30/98	Trust Fund 9/30/98
U.S. Grain Standards Act				
Inspection and Weighing	21,776,323	23,021,166	(1,244,843)	55,862
Canadian Operations	152,190	233,703	(81,513)	(118,524)
Official Agencies	1,354,380	1,286,383	67,997	4,462,016
Registration	14,421	18,154	(3,733)	55,803
USGSA Subtotal	23,297,314	24,559,406	(1,262,092)	4,455,157
Agricultural Marketing Act of 1946				
Rice Inspection	4,011,446	3,820,820	190,626	(895,584)
Commodity Inspection	5,085,641	4,821,203	264,438	556,789
AMA Subtotal	9,097,087	8,642,023	455,064	(338,795)
Total Fiscal Year 1998	32,394,401	33,201,427	(807,027)	4,116,363

Note: The retained earnings balance of \$4,116,363 includes the FY 1998 supplemental appropriation of \$1.5 million.

GIPSA's Appropriated Budget Authority
Fiscal Years 1993-98
Dollars in thousands

Description	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
Appropriated Funds						
Budget Authority						
Packers and Stockyards Programs	11,996	12,082	11,973	12,109	12,376	13,165
Federal Grain Inspection Service	11,397	11,532	11,300	10,965	10,752	10,725
Total Budget Authority	<u>1/</u>	<u>1/</u>	<u>1/</u>	23,074	23,128	23,890

^{1/} Consolidated financial reporting for GIPSA's two program areas began in FY 96.

Appendix A: GIPSA Strategic Plan



The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.